

igation

ORIGINAL



UNITED STATES INTERNATIONAL TRADE COMMISSION

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USITC MAKES FINAL DETERMINATION ON COUNTERVAILING DUTY INVESTIGATION ON IMPORTS OF PIG IRON FROM BRAZIL

United States International Trade Commission today determined (b) of the Tariff Act of 1930 that an industry in the United States was materially injured, by reason of subsidized imports of pig iron from Brazil. As a result of this affirmative determination by the Commission, the U.S. Customs Service will assess countervailing duties as appropriate.

Members of the Commission in the affirmative were Chairman Catherine Bedell, Vice Chairman Robert C. Anderson, and Commissioners George M. Moore, Paula Stern, and Michael J. S. Smith. The investigation is a transition case in that an earlier Commission investigation was underway on the effective date of the new law (January 1, 1980) and this investigation was instituted.

The Commission's public report, Pig Iron From Brazil (USITC Publication 701-TA-2) contains the views of the Commissioners and information developed during the investigation (No. 701-TA-2). Copies may be obtained by calling (202) 278-1400, Office of the Secretary, 701 E Street NW., Washington, D.C. 20540, or the Commission's New York Office, 6 World Trade Center, Suite 655, New York, N.Y. 10048, telephone (212) 466-5599.

Pig Iron From Brazil
USITC Inv. No. 701-TA-2 (Final)

Proceedings:

Petition Filed--November 20, 1978

Petitioners--Ad Hoc Committee of Merchant Pig Iron Producers of America

Date Investigation Instituted by USITC--December 3, 1979

Public Hearing (date, time, and location)--February 6, 1980, at 10 a.m., in Washington D.C., USITC hearing room.

Industry:

Number of Producers--Six

Location of Producers--Lackawanna, NY; Chicago, Ill.; Pittsburgh, PA; Birmingham, Ala.; Portsmouth, Ohio; Geneva, Utah.

Types of Products--Cold merchant pig iron.

Employment--956 production workers for cold pig iron.

Estimated Value of Producers' Shipments (1979)--Cold merchant pig iron: million.

Estimated Value of Apparent U.S. Consumption (1979)--Gold merchant pig iron: \$200 million.

Value of Imports--\$45 million in 1977; \$72 million in 1978; \$63 million in 1979.

Major Source of Imports--Canada: \$29 million and 45 percent in 1979; Brazil \$22 million and 34 percent in 1979.

Imports from Brazil as Percent of Estimated U.S. Apparent Consumption of cold merchant pig iron on a Quantity Basis: 17.2 percent in 1979.

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-2 (Final)

PIG IRON FROM BRAZIL

ination

on the basis of the record 1/ in investigation No. 701-TA-2
sion unanimously determined, pursuant to section 705(b) of
1930 (19 U.S.C. 1671d(b)), that an industry in the United
ally injured by reason of the importation of pig iron (pro
n 606.13 of the Tariff Schedules of the United States) fro
hich the administering authority determined that subsidies
y the Government of Brazil.

ound

he Commission received advice from Treasury on November 20
nty or grant being paid with respect to pig iron and there
estigation (No. 303-TA-12) under section 303(b) of the Tar
ective at that time. Because that investigation had not b
e the new countervailing duty provisions became effective
estigation was terminated and reinstituted as investigati
pursuant to section 102 of the Trade Agreements Act of 1
otice of the termination of the earlier investigation and
w investigation and of the public hearing to be held in co
th was duly given by posting copies of the notice at the

"second" as defined in sec. 207.2(1) of the Commission's

In order for the Commission to reach an affirmative
in this investigation, pursuant to Section 705(b) of the T
1930 (19 U.S.C. 1671d(b)), it is necessary to find that an
the United States is materially injured or threatened with
injury, or that the establishment of an industry in the Un
s materially retarded by reason of imports of pig iron fr
with respect to which the Department of the Treasury (Trea
ound a subsidy is being provided. ^{1/}

the Domestic Industry

For the purposes of this investigation, we consider
industry to be those facilities in the United States produ
iron.

Section 771(4) of the Tariff Act of 1930 (19 U.S.C.
ides, in part, as follows:

"(A) In General.--The term 'industry' means the
domestic producers as a whole of a like product, or
those producers whose collective output of the like
product constitutes a major proportion of the total
domestic production of that product."

The Treasury Department found that subsidies to Brazil
pig iron averaged 24.5 percent. The Commerce Department
is figure to 21.2. After Brazil began to phase out most
dies, benefits were calculated to average 6.07 percent af
ese subsidies were calculated for 16 individual firms and

United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided."

Section 771(10) (19 U.S.C. 1677(10)) provides that:

"The term 'like product' means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title."

Although production methods for hot and cold pig iron and the same facilities may be used for both, cold pig iron is a different type of demand. Over 96 percent of U.S. cold pig iron is used in captive steelmaking, the remainder primarily for production of cast-iron products. Cold pig iron is also used for production of cast-iron products and thus might be considered as cold pig iron in this category.

However, cold pig iron can be transported over long distances. Hot pig iron which is transferred in its molten state to other facilities. In the United States, most producers of cold pig iron use hot pig iron for use in their own steelmaking operations. Cold pig iron production is sold on a regular basis to other markets (e.g., merchant market). These producers serve seven regional markets in the United States, making use of separate and distinct marketing channels.

Data gathered by the Commission shows that while cold pig iron have declined over the course of the last few years, shipments of hot metal merchant pig iron have remained relatively stable. These trends indicate that, as a matter of fact, the industry has not shifted resources back and forth between hot metal and pig iron.

Six firms constitute the domestic cold pig iron industry. Cold pig iron production is generally sold to cast iron foundries for the making of iron castings such as engine blocks, other mechanical parts, and soil pipe. During the period under investigation, the Commission, U.S. Steel and Interlake, among the major cold-pig-iron producers, closed major plants in September 1979, respectively. Early this year, a third firm, Cyprus, plans to close down its cold pig iron plant by June 1980.

Cold pig iron is the smallest segment of the total iron and steel market and the only portion which has been directly imported. All imports from Brazil are cold pig iron.

Conditions of Trade and Development in the Industry

The Commission's investigation of conditions of competition in the industry indicates that domestic producers have experienced difficulties from a variety of sources. Weakness

Material Injury by Reason of the Subsidized Imports

The law requires the Commission to determine whether a domestic industry in the United States is materially injured by reason of ^{2/} imports of the subsidized product.

In finding material injury, the Commission must attempt to distinguish between the role of imports and that of other factors in order to assess whether such injury is by reason of subsidized imports. However, the law does not intend that imports and other factors be weighed one against the other. Rather, it is contemplated that the Commission carefully examine whether or not subsidized imports account ^{3/} for material injury to the domestic industry.

In examining the role of imports, the Commission considers all relevant economic data, including the criteria set out in Section 771 of the Tariff Act of 1930: volume of imports, their effect on U.S. prices and the impact of imports on the industry.

The volume of imports of the subsidized merchandise from Brazil increased significantly over the period. These imports jumped by 43 percent from 127,000 short tons in 1977 to 184,000 short tons in 1978. This trend was part of a longer period of increasing market penetration by Brazilian pig iron, which peaked in 1978 at approximately 650 per

2/ Tariff Act of 1930, Section 705(b).

3/ See House Report, p. 47.

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vision's office in New York City, a
1 Register of January 17, 1980 (4
hington, D.C. on February 6, 1980
ear were permitted to do so in pe

and by publishing the notice
5 F.R. 3402). The hearing v
; all persons requesting the
erson or by counsel.

0 short tons. This trend was reinforced by the
tion of scrap iron, which is usually cheaper,
aterial mix used by foundries in making cast-
cost of goods sold has risen from 87.1 percent
2.4 percent in 1979.

g this period the industry lost market share
ugh in absolute terms, imports remained rela
uction declined by 17 percent, from 936,000
00 short tons in 1979, and U.S. sales follow
ping 15 percent in value in 1979 below their
share of the domestic market thus increased
77 to 44.5 percent in 1979.

ated machinery was the major reason for shutt
the two large plants that closed during the p
ures into account, employment in the industry
from 1977-1979. With reduced capacity, capac
an earlier downward trend, increasing by ele
ductivity increased by 14.6 percent. Figure
ures revealed that inventory levels were up
977 levels.

an input, have risen nearly

Coupled with rising costs
are of a shrinking market, U.
ced a profit squeeze. Data s
rcent of sales show that net
are of net sales, net operati
1977 to a loss of 1.5 percent
curred. Although the industr
ightly in 1979, net profits r
ly 3.4 percent of net sales.

The Commission was able
sales lost to Brazilian impo
e investigation, sales lost v
rvey conducted by the Commis
Brazilian pig iron in making

Conclusion

The Commission's invest
) that imports of cold pig ir

irty percent.

of production and decreasing market
S. cold pig iron producers have expressed
submitted by producers representing
profits dropped by 70 percent. As
ing profits fell sharply from 9.3 per
t in 1978, when plant closures
y managed to improve its performance
remained at a significantly low level
to confirm claims by domestic produ
orts. Although declining in each year
were of significant value. A purchase
sion places prime importance on price
g purchasing decisions.

igation produced information which s
on entering the United States from

of Fact

conclusion that domestic producers of cold merchant pig iron were materially injured by reason of subsidized Brazilian imports of cold merchant pig iron based on consideration of the economic factors required by the Tariff Act of 1930 (19 U.S.C. 1677(4)). The findings are as follows:

Volume of imports

1. Total U.S. imports of pig iron, most, if not all, of which was cold merchant pig iron, increased 37 percent from 1975 to 1978, from 480,000 short tons to 655,000 short tons. Imports dropped 27 percent in 1979 to 480,000 short tons. (Report at A-22; Table 8)

2. Imports from Brazil increased from 26,000 short tons in 1975 to 198,000 short tons or 30 percent of total U.S. imports in 1975 to 198,000 short tons or 30 percent of total U.S. imports in 1979 and then decreased to 184,000 short tons or 39 percent of total U.S. imports in 1979. (Report at A-22; Table 8)

Effect of imports on United States prices

3. Pig iron from Brazil undersells domestic pig iron by as much as 10 percent during almost the entire period of 1977-79. In dollar terms, the price of pig iron averaged from \$40 to \$50 per short ton. Only in the last year of the period did margins narrow appreciably, and only then in certain market areas. The degree of underselling did vary from one market area to another.

ve been and are currently the rule rather than the exception.

A-48)

6. According to domestic producers' cost data, input prices increased from Dec. 1975 to Dec. 1979 as follows: iron ore - 16 percent; coke - 30 percent; fuel (oil) - 72 percent; labor - 55 percent. (Report at A-45)

C. Impact on affected industry

7. Production of cold merchant pig iron declined from 900 thousand short tons in 1977 to 782 thousand short tons in 1979. (Report at A-18; Table 4)

8. Domestic shipments of cold merchant pig iron decreased from 812,000 short tons in 1977 to 812,000 short tons in 1978 to 703,000 short tons in 1979. (Report at A-29; Table 14)

9. As a share of total merchant pig iron shipments, hot metal remained stable not only over the 1977-79 period but also over the period from 1968-79. At the same time, the share controlled by cold metal declined over both the long and short run.

<u>Year</u>	<u>Hot Metal</u>	<u>Cold Metal</u>
1968	1,150	2,096
1977	1,144	962
1979	1,151	703

(Report at A-26; Table 12)

10. Sales of cold pig iron were 890,000 short tons in 1979.

lo of imports of pig iron from Brazil to appare
pig iron increased from 1.9 percent in 1975 to
7.2 percent in 1979. (Report at A-36, Table 19
rating profit on production of cold pig iron de
\$11.9 million in 1977 to \$3.6 million in 1979.
sales, dropped from 9.3 percent in 1977 to a lo
78 before increasing to 3.4 percent in 1979. (

ivity for the domestic producers of cold pig ir
n-hours in 1977, 0.365 tons in 1978, and 0.515
ent increase over 1977. (Report at A-31)

rs return on investment, measured both a ratio
book value and replacement value of net assets
(Report at A-34; Table 17)

y utilization decreased from 42.2 percent in 19
and increased to 54.1 percent in 1979. The in
utable to the 900,000 ton decline in production
rt at A-18-19; Table 5)

l inventory data show an increase in end of per
,000 short tons in 1977 to 233,000 short tons i
ries to sales shows an increase from 11.7 perce

the Commission. (Report at A-31)

capital expenditures by cold pig iron producers, in 1977 to \$7.7 million in 1978, then dropped sharply to \$1.1 million. (Report at A-34)

demand, as measured by apparent consumption, has declined from 2.8 million short tons in 1968 to 1.3 million short tons in 1979. As the market for cold pig iron progressively declined, total imports' share increased from 15 percent in the early 1970's to 35-46 percent in the late 1970's. (Report at A-28-29; Table 14)

In September 1978, U.S. Steel closed its plant at West Chester, Ohio. In December 1979, Interlake, Inc. closed its Toledo plant. Both U.S. Steel and Interlake are considering closure of their Geneva, Ohio, and Geneva, Utah, plants. (Report at A-35-36) Foundries have been substituting cheaper steel for cast iron in their raw material input shifting to an 87-88 percent cold pig iron ratio. (Report at A-36-37; Table 20)

From 1975 through 1979, the wholesale price index for cold pig iron rose 15 percent, while the index for foundry forge products rising 10 percent.

the price index for domestic pig iron rose only 5 percent.

producers of cold pig iron.

We determine that the domes

subsidized imports of pig

stic industry is materially in
iron from Brazil.

ig iron imported from Brazil and entered under TSUS item 607.15.
ntering under TSUS item 607.15 (reclassified as TSUS item 606.13
ferred to in this opinion as merchant pig iron. Such imports c
ntirely of cold merchant pig iron.

In making a determination under section 705(b) of the Tariff
ommission must determine whether an industry in the United State
aterially injured or is threatened with material injury by reaso
f the merchandise with respect to which the administering author
n affirmative determination. 1/ Under section 771(4) of the act
industry" is defined as meaning "the domestic producers as a who
product, or those producers whose collective output of the like p
onstitutes a major proportion of the total domestic production o
product." In assessing the effect of the subsidized imports on t
ection 771(4) (D) directs that "[t]he effect of subsidized . . .
e assessed in relation to the United States production of a like
available data permit the separate identification of production i
uch criteria as the production process or the producer's profits
71(10) defines the term "like product" as "a product which is li

1/ Whether the establishment of an industry in the United State
aterially retarded is also a possible issue under sec. 705(b) of
t is not an issue in this investigation.

considered the relevant domestic industry
United States used in the production of co
the Commission has been able to obtain
separate identification of data with respo
merchant pig iron, we have assessed the in
domestic production of this product. Curr
producers, two of which are considering cl
have closed major pig iron facilities in
other pig iron facilities. 2/

material injury by reason of subsidized in

Pursuant to section 771(7) of the act
harm which is not inconsequential, immate
etermining whether an industry is materia
consider, among other factors--

- (i) the volume of imports of the m
of the investigation;
- (ii) the effect of the imports of t
United States for like products;
- (iii) the impact of imports of such
producers of like products.

2/ See pp. A-7 and A-18 of the Commission

to consist of the facilities in the
cold merchant pig iron, and, inasmuch
information which permits the
effect to the production of cold
impact of the subject imports on the
currently there are six domestic
closing their plants and two of which
the recent past but still operate

Imports

that, the term "material injury" means
material, or unimportant." In

materially injured the Commission shall

merchandise which is the subject

that merchandise on prices in the
U.S., and

merchandise on domestic

on Report (C.R.).

1979 that in determining whether material injury is "by reason of" imports the Commission is to interpret this causation standard in manner as it was interpreted under prior law. 3/ It is also clear legislative history that section 705 does not contemplate--

that the effects from the subsidized imports be weighed against effects associated with other factors (e.g., the volume and price of nonsubsidized imports, contraction in demand or changes in patterns in consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of domestic industry) which may be contributing to the overall injury to an industry. Nor is the issue whether subsidized imports are, in principal, a substantial, or a significant cause of material injury. 4/

Volume of imports

Section 771(7)(C)(i) directs that, in evaluating the volume of imports "the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms relative to production or consumption in the United States, is significant."

Data obtained by the Commission during its investigation indicate that imports from Brazil totaled about 26,000 short tons, or 5 percent of total imports, in 1975. These imports climbed to a level of about 184,000

3/ Trade Agreements Act of 1979: Report of the Committee on Finance and Commerce, S. Rept. No. 96-249 (96 Cong., 1st Sess.), 1979, p. 57. Trade Agreements Act of 1979: Report of the Committee on Ways and Means . . . , H. Rept. No. 96-249 (96 Cong., 1st Sess.), 1979, pp. 46-47.

4/ Senate Report 96-249, p. 57.

cent in 1979, and the ratio of these imports from 1.9 percent in 1975 to 9.9 percent in 1977 and to 17.9. 5/ Thus, it is clear that there has been a significant increase in imports both in absolute terms and relative to domestic consumption.

Price

Section 771(7)(C)(ii) directs that, in evaluating subsidized imports on prices, the Commission shall consider:

- (I) there has been significant price undercutting by the subsidized imports as compared with the price of like merchandise in the United States, and
- (II) the effect of imports of such merchandise on domestic prices to a significant degree or prevents prices which otherwise would have occurred, to a significant degree.

During the relevant period, margins of underselling were as high as \$40 to \$50 per ton or there was a price advantage of 20 percent. 6/ Only in late 1979 did this margin narrow. Moreover, imported pig iron from Brazil sold at lower prices than domestic producers' locations. 7/ At the time, the importers admitted that low prices were used as a tool to penetrate the market, at least through 1978. 8/ The price-sup-

5/ C.R., pp. A-25 and A-36.

6/ C.R., pp. A-37-48.

7/ C.R., pp. A-41-43.

8/ C.R., pp. 144-145, 161, 170.

the high level of imports from Brazil during 1977-79 not to prices, but in some instances resulted in price reductions producers. 10/

Impact on affected industry

Section 771(7)(C)(iii) directs that, in examining the subsidized imports on the domestic industry--the Commission relevant economic factors which have a bearing on the state including, but not limited to--

- (I) actual and potential decline in output, sales, profits, productivity, return on investments, and of capacity,
- (II) factors affecting domestic prices, and
- (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.

During 1977-79, there was a decline in demand for cold as measured by the decline in apparent domestic consumption short tons to 1.1 million short tons. However, the share of consumption accounted for by imports from Brazil increased percent to 17.2 percent in the same period. 11/ Information Commission during its investigation indicates that the increase

9/ C.R., p. A-45; petitioner's posthearing brief, p. 3.

10/ C.R., p. A-48; transcript of the hearing, pp. 17-19,

11/ C.R., p. A-36.

shipments, inventories, and employment figures.

During 1977-79, domestic production fell about 17 percent, sales fell about 15 percent (by value), 14/ and producers' inventory (adjusted) increased as a share of sales from 12 percent to 31 percent. Utilization of capacity was low throughout the period, and only two firms and the resulting drop in capacity pushed capacity utilization to a level of 54 percent in 1979. 16/ Employment in the industry dropped 10 percent from 1977 to 1979, with a parallel drop in man-hours worked. Productivity as measured by output per man-hour reported for sales of pig iron producers increased 14.6 percent from 1977 to 1979. 17/

There is ample evidence of sales lost to imports from Brazil during the period under review. Domestic producers provided numerous specific data of lost sales and lost revenues attributable to low-priced imports from Brazil, which were subsequently confirmed by the Commission. 18/ From the data from the purchasers' questionnaire, the key factor in the decision to purchase Brazilian pig iron was price. 20/

12/ C.R., pp. A-29, A-48; petitioner's prehearing statement, petitioner's posthearing brief, p. 2-3; transcript of the hearing.

13/ C.R., p. A-16.

14/ C.R. p. A-20.

15/ C.R., p. A-21.

16/ C.R., pp. A-18-19.

17/ C.R., pp. A-31.

in cruzeiros against foreign-
bles at preferential interest
age 24.5 percent, ad valorem,
ed to read 21.22 percent. Th
ghted average benefits receiv
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s. However, the Government
these benefits, and the admi
le of these benefits accordin

exchange contracts and for
rates. These benefits we
f.o.b. Vitoria, Brazil, a
the average was determined o
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s not included in the 16 s
of Brazil is in the proces
nistering authority has re
gly; they are now found to

vice from the Department of the T
id with respect to pig iron impor
em 607.15 of the Tariff Schedu
ordingly, on December 3, 1979, th
B-TA-12 under section 303(b) of the
industry in the United States is
vented from being established,
rchandise into the United States.
ended and supplemented on January
79. Under section 102 of that act,
y injury investigation in progress
ction 701 of the Tariff Act of 1930
thin 75 days of January 1, 1980
inal)) is to determine whether
terially injured, or is threatene
establishment of an industry in the
ason of the importation of pig iron
Treasury to have been subsidized.

Notice of the institution of
blic hearing to be held in connect
pies of the notice in the Office o
mission, Washington, D.C., and at
ublishing the notice in the Federal
15)). 2/ The public hearing was
bruary 6, 1980.

The report is based on data ob
e U.S. Department of the Interior,
ficial statistics of the U.S. Dep
nt to producers and importers, from
om briefs and statements filed
rsonal interviews, and from the Com

Information Obtained From

The final affirmative counterva
partment in the instant case was b
Government of Brazil which co
duction, or exportation of pig iron
nts under the U.S. countervailing

- (1) The excessive remission
(IPI), upon export of

treasury that a bounty or grant was being
ted from Brazil, entered duty free under
les of the United States (TSUS). 1/
e Commission instituted investigation No.
e Tariff Act of 1930, to determine whether
being or is likely to be injured, or is
by reason of the importation of such
The countervailing duty law, however, was
1, 1980, by the Trade Agreements Act of
the Commission was required to terminate
on January 1, 1980, and to initiate under
an investigation which must be completed
. The new investigation (No. 701-TA-2
an industry in the United States is
d with material injury, or whether the
United States is materially retarded, by
a from Brazil determined by the Department

the Commission's investigation and of a
tion therewith was duly given by posting
f the Secretary, U.S. International Trade
the Commission's New York Office, and by
Register of December 12, 1979 (44 F.R.
held in Washington, D.C., on Wednesday,

tained from the administering authority,
the American Iron and Steel Institute,
partment of Commerce, from questionnaires
m testimony given at the public hearing,
by interested parties, from documented
mission's files.

m the Administering Authority

iling duty determination of the Treasury
ased on a finding that three programs of
nferred benefits upon the manufacture,
on constituted the payment of bounties or
duty law. These three programs included--

of the Industrial Products Tax
the subject merchandise. The

any other tax liability and in some circumstances can be transferred. The ordinary remission of the IPI tax is not regarded as a bounty or grant.

The extra tax credit, however, has been determined to be countervailable in all previous cases involving Brazilian export products. The excessive IPI credit in the case of pig iron was 17 percent at the time of the preliminary affirmative determination, but was set at 15.8 percent of f.o.b. value in Treasury's final determination. 1/ The Government of Brazil eliminated the excessive IPI credit on December 7, 1979, and Treasury revised the size of the bounties accordingly.

Working capital financing under Finance Ministry Resolution 398 at preferential rates lower than those ordinarily available commercially. Such loans are granted exemption from (a) the ordinary commercial loan requirement of a one-third compensating balance and (b) the 1 percent financial transactions tax. A limit is set on the amount that can be borrowed at the preferential rate, based on the value of the prior year's exports, a figure of 30 percent for pig iron exports. The Department of the Treasury has previously found this program also constituted a countervailable subsidy. The benefit of this bounty or grant ranged from 1 percent to 12 percent of f.o.b. value according to the particular producer involved.

Advances, at preferential interest rates, on Brazilian cruzeiros up to 180 days against foreign exchange contracts and foreign exchange receivables under Finance Ministry Resolution 331. The interest rate charged was determined to be at lower rates than for regular short-term commercial loans. The benefits conferred under this program to particular companies ranged from 0 percent to 11.7 percent of f.o.b. value of total exports.

That the magnitude of the subsidy benefits of the programs to exporters of pig iron averaged 24.5 percent

, eliminating the excessive remission of including pig iron, Treasury revised the from a weighted average of 24.5 percent to 9

On an individual producer basis, the ranged from 4.3 percent to 23.7 percent. Companies determined by Treasury to be recipients of grants related to the export of pig iron at individual producer levels of countervailable grant is shown in the Treasury Department's report to the Chairman (app. C). By virtue of the absence of a material injury finding by the Commission, the benefit could be assessed on a company-by-company weighted average single-duty basis.

On February 21, 1980, the Commission received additional information supplied by the Government. The Department had determined that further revision was required with respect to each of the 16 companies. Commerce established that the information under two export financing programs were consistent with the information supplied by the Brazilians. After adjustment, subsidy benefits ranged from 2.9 percent to an average subsidy benefit of 6.07 percent. The Commission recalculated rates of subsidy by Brazilian companies to the U.S.

The Product

Description and uses

Pig iron covered by this investigation refers to a pig (block) that can vary in weight from 1,000 to 10,000 pounds and contains little or no alloying ingredients. It contains less than 0.3 percent by weight of chromium, over 0.1 percent by weight of tungsten, or over 0.01 percent by weight of vanadium. It is not subject to this investigation. Mercator American Society for Testing and Materials (ASTM) defines pig iron as a blast furnace product from iron ore and used by the steel industry. Pig iron that is made into steel would not be included in the definition of pig iron. The ASTM definition would include hot metal used

1/ The Brazilian Government also announced a devaluation of the cruzeiro from 32 to 42.5 cruzeiros per U.S. dollar.

... for all Brazilian exports,
net countervailable subsidy figure
15 percent (app. C). 1/

revised level of subsidy benefits
(of f.o.b. value) among the 16
ipients of countervailable bounties
to the United States. The
le subsidy by reason of bounty or
revised final determination notice
is Treasury determination, in the
Commission, countervailing duties
basis rather than on the usual

was advised that as a result of
overnment of Brazil, the Commerce
ions in the net bounties or grants
nies originally investigated were
manner in which benefits bestowed
calculated was based on inaccurate
er recalculation, the new level of
to 15.4 percent with a weighted

Table 1 shows the initial and
firm and the exports of each firm

ers to iron metal in the form of a
10 pounds to 80 pounds, and that

Pig iron that contains over 0.2
cent by weight of molybdenum, over
0.1 percent by weight of vanadium
hant pig iron, as defined by the
(ASTM), refers to pig iron made in
foundries. Thus pig iron used to
inition of merchant pig iron. The
to make ingot molds and cold pigs

d the devaluation of its currency

Export channel and producer	Exports to the U.S.	Rank vs sh
	<u>Net tons</u>	
Channel Cimetel		
Cimetel Siderurgica S.A.-----	***	
Siderurgica Uniao Bondespachense-----	***	
Siderurgica Bandeirante Ltda.-----	***	
LUCAPE-----	***	
Total-----	***	
Channel Unexport		
Cia Setelagoana de Siderurgica-----	***	
Siderurgica Valinho S.A.-----	***	
Siderurgica Itatiaia S.A.-----	***	
Usina Sid. Pedra Negra S.A.-----	***	
Total-----	***	
Channel Phibro		
Usina Siderurgica Paraense S.A.-----	***	
Cia Brasileira de Ferro-----	***	
Siderurgica Sa Sebastiao de Itatiaia-----	***	
Siderurgica Camaragos S.A.-----	***	
Siderurgica Melo Figureiredo S.A.-----	***	
IMOL-----	***	
Metalurgica N.S. da Penha S.A.-----	***	
Cia Siderurgica Pitangui-----	***	
Total-----	***	
Channel Interbras		
Siderurgica Alterosa Ltda.-----	***	
Sicafe-Productos Siderurgica-----	***	
Cia Setelagoana de Siderurgica-----	***	
Siderurgica Santa Maria Ltda.-----	***	
Siderurgica Valinho S.A.-----	***	
Siderurgica Sao Paulo Ltda.-----	***	
Siderurgica Cajuruense-----	***	
Siderurgica Uniao Bondespachense-----	***	
Siderurgica Bandeirante Ltda.-----	***	
Total-----	***	
Grand total-----	145,231	
Weighted average margin-----		

- 1/ As reported by Department of Treasury on November 20, 1979.
2/ As calculated by U.S. International Trade Commission staff base
February 21, 1980.
3/ As reported by Department of Treasury on December 31, 1980.
4/ As corrected by Department of Commerce on February 21, 1980.
5/ Value C. & F. Vitoria.
6/ Value F.A.S., Vitoria.

Source: Values per ton compiled from responses to Treasury Dept.
authority.

Value of F.O.B. per short ton									
Initial subsidy		Corrected initial subsidy 2/		Revised subsidy 3/		Corrected revised subsidy 4/			
Dollars		Percent F.O.B. value							
***		24.3		21.2		8.5		5.41	
***		25.3		21.5		11.5		7.70	
***		23.1		20.5		7.3		4.70	
***		-		-		-		-	
***		-		-		-		-	
5/		24.9		21.9		9.1		6.08	
5/		22.0		19.9		6.2		4.12	
5/		27.7		23.7		11.9		7.95	
-		-		-		-		-	
-		-		-		-		-	
***		21.8		19.4		8.0		5.62	
***		29.5		24.2		15.7		10.40	
***		30.3		25.2		16.5		11.44	
***		19.0		16.9		5.2		3.06	
-		-		-		-		-	
-		-		-		-		-	
***		26.2		22.0		-		-	
***		37.5		29.2		-		-	
-		-		-		-		-	
***		24.3		20.7		10.5		6.92	
-		24.4		20.8		10.6		7.04	
6/		24.9		21.9		9.1		6.08	
6/		21.3		18.8		7.5		4.98	
6/		22.0		19.9		6.2		4.12	
-		18.1		16.6		4.3		2.85	
***		-		-		-		-	
***		25.3		21.5		11.5		7.70	
***		23.1		20.5		7.3		4.70	
-		-		-		-		-	
-		-		-		-		-	
24.3		21.2		9.2		6.07			

ed on corrected data provided by the Department of Commerce on

questionnaire; subsidies are calculations of the administering

materials increase in temperature. The molten iron combines with the oxygen present in the scrap and reduces them to molten iron, which is then poured into a ladle. The limestone is added to the iron ore and scrap.

The slag acts as a purifier of the denser iron until the molten metal is poured into molds. The molten iron (hot metal) is used to make specific shapes or products, usually castings, which are allowed to solidify and cool. Electric furnace pig iron is produced, except that the furnace is operated on heat and usually operates at a higher temperature.

ASTM designates 10 grades of cast iron, and low-phosphorus grades are used to make cast-iron products. Because of its similarity to steel and hence would not be classified as such, from 1.75 to 3.50 percent silicon is allowed in malleable cast iron. Malleable cast iron contains from 0.10 to 0.25 percent phosphorus, less than 0.035 percent sulfur, and could be included under high-phosphorus cast iron as defined herein, and low-phosphorus pig iron. These distinctions are made because some domestic producers base their classification on chemical composition. The distinction between different grades of cast iron is based on contained phosphorus.

Cast iron, which constituted 9 percent of the pig iron in 1978, was primarily produced by steelmaking operations. The pig iron is produced in the steelmaking furnace while still molten. Steel producers producing no pig iron must either produce it as hot metal or cold pig iron, which requires remelting in the steel furnace.

Dry, malleable, and low-phosphorus cast iron castings such as engine blocks, pump housings, and other castings. Cast-iron foundries charge their furnaces with iron scrap, and pig iron ranging in composition from 1.75 to 3.50 percent silicon.

re, onrushing carbon monoxide gas from it in the iron ore and other materials falls to the hearth where it collects one and other fluxing agents and the p produce molten slag in the blast and waste removal medium, floating on iron is removed by drawing it off into al) can be converted into steel, cast y ingot molds, or cast into pigs. The and are then removed for storage or is produced by a roughly similar does not require coal or coke for on a charge of scrap iron.

merchant pig iron, but only foundry, re commercially important to the end asic grade is almost always converted be merchant pig iron. Foundry grade on and from 0.30 to 0.90 percent phos- 0.30 percent phosphorus, and low phos- at phosphorus. Foundry and malleable osphorus pig iron (over 0.10 percent v-phosphorus grade would be included esignations are often not used in the have their own classifications which ion. The most clear cut and the most types of pig iron is the different

6 percent of domestic pig iron produc- steel companies which used it directly is transferred from the blast furnace l molten. Nonintegrated steel firms t purchase their requirements of basic g. Pig iron purchased in the form of furnace.

rus grades are used by iron foundries locks, other cast-iron auto parts, and heir furnaces with a mixture of steel n amount from 10 percent to 60

iron usually remains in a molten state and is used as a raw material in the steelmaking process. Steelmaking pig iron represented over 99 percent of total U.S. production in 1978 but less than 1 percent of this total was shipped for other than the producers' own use. A second source of pig iron is for nonsteelmaking uses, primarily production of cast-iron products. Demand for this pig iron is satisfied by the shipment of either hot metal or cold metal. Cold metal can only be transported a short distance so most often the shipment represents the transfer of metal from a pig iron producer to a nearby foundry, usually an ingot mold foundry. The ingot molds are in turn used by foundry makers to shape molten steel into various sizes for shipment. In the following flow diagram, the shipment of cold pig iron to foundries is the smallest segment of the U.S. pig iron market. This product is traditionally referred to as cold merchant pig iron and represents only a small segment of the market that is directly impacted by imports of foreign pig iron.

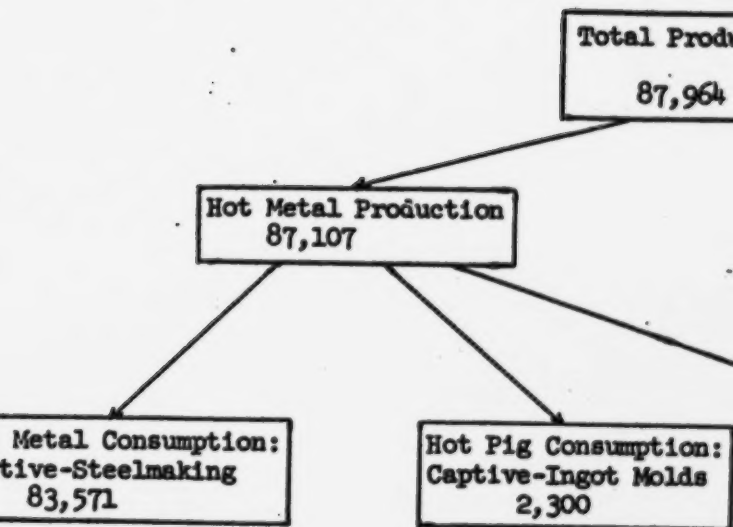
U.S. Industry

U.S. producers

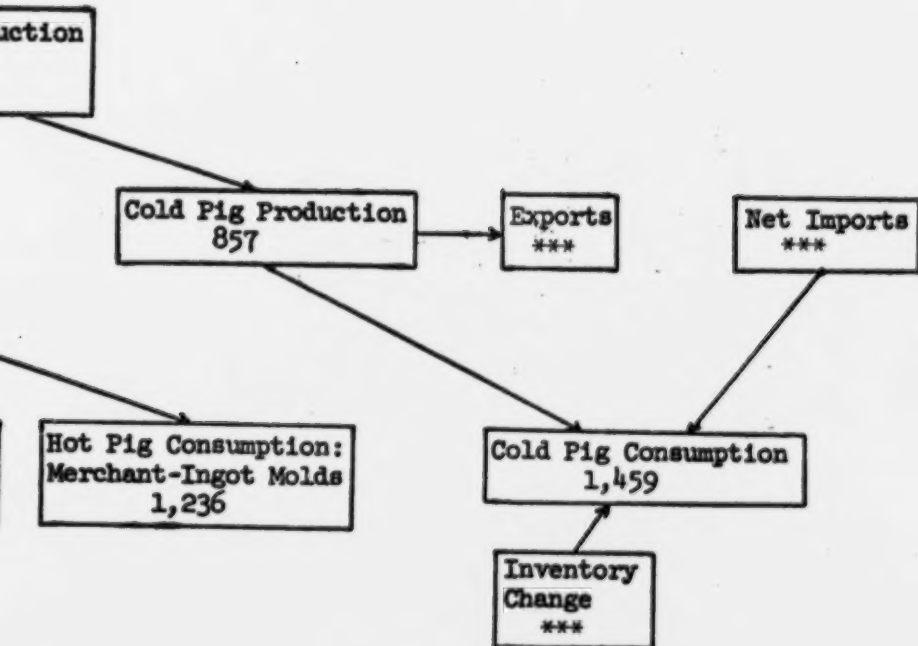
Domestic pig iron producers generally make a variety of other products, usually steel-related; thus sales of merchant pig iron may represent a small part of their total sales. The most diversified pig iron producers are steel producing firms, such as Cyclops Corp., National Steel, Inc., and U.S. Steel.

At least 18 firms produce pig iron, but most of them only produce for their own use. The domestic cold merchant pig iron industry is composed of producers which have regularly sold pig iron to others. Some of these also produce for their own use, usually producing basic iron for use in making ingot molds from their own hot metal. The names of these producers and the locations of their plants are as follows:

<u>Name of producer</u>	<u>Plant locations</u>
Empire-Detroit Steel Div.: of Cyclops Corp.	Portsmouth, Ohio
Hanna Furnace Corp.: Subsidiary of National Steel Corp.	Lackawanna, N.Y.
Interlake, Inc.	Chicago, Ill.
Shenango, Inc.	Pittsburgh, Pa.
U.S. Steel Corp.	Geneva, Utah
Jim Walters Resources, Inc.	Birmingham, Ala.



Source: Compiled from official statistics of the Iron and Steel Institute, and from data submitted to the Trade Commission.



he U. S. Department of Commerce, statistics of the American
l in response to questionnaires of the U.S. International

Number and section

I Northeast.

II North Central
& Eastern.

III West Central
States.

IV Ohio Valley.

V Southeastern
States.

VI Southwestern
States.

VII Pacific Coast.

Area

Eastern New York, New Jersey, New
England, Pennsylvania, Delaware,
Maryland and Northern Virginia

Western New York, Western and
Southern Pennsylvania, Western
West Virginia, Northeast Ohio,
and Eastern Michigan.

Northern Illinois, Northern
Indiana, Northwestern Ohio,
Iowa, Missouri, Wisconsin, Min-
nesota, Western Michigan, and
Nebraska.

Southern Indiana, Southern
Illinois, Southern Ohio, and
Kentucky.

Tennessee, Mississippi, Arkansas,
Louisiana, Alabama, Georgia,
Florida, Southern Virginia,
North and South Carolina.

Texas Oklahoma and Kansas

Washington, Oregon, California

B

Pa

lan k

ge

D.B., loading dock, price
customer. Therefore, when a B
Pittsburgh, where there is a
Buffalo producer must absorb t
the domestic cold merchant p
as defined by such economic
iron foundries and other use
location of ocean ports
stated by domestic producers
constraint of freight cost
low value to weight ratio
h proportion of purchase
comparisons) importers' ports o
nt locations and storage dep

of the competitive producer
Buffalo-based producer wants to s
local producer selling at the
the freight cost from Buffalo to
pig iron industry serves seven
factors as domestic producer loc
ers, access to cheap inland water
of entry. The size of the m
plant location or importers' por
ts to specific firms which purc
of pig iron makes freight cost
price. U.S. market areas, (fo
of entry and storage depots, and U
ots are listed on the following p

mium, 0.1 percent of either
gsten. As of January 1, 19
.13. The column 1 (MFN) rate
ective January 1, 1972, as a r
tes during the Kennedy round
licable to imports of pig iron
125 per long ton. Since item
atment for MFN countries, the p
m for duty-free treatment under

t Commission investigations

On June 25, 1968, the U.S.
estigations on pig iron from Ea
.S.R., after being revised by
se countries was being sold at
affirmative determination in
erally considered to be the f
hough one Commissioner consider
iron producers, hot and cold.

On March 15, 1971, the Treasu
t pig iron imported from Canada
less than fair value. The
erminations with respect to i
many and made an affirmative de
h imports from Finland 3/. The
ilities of the cold pig iron pro

/ Prior to January 3, 1975, t
imported the U.S. Tariff C

...by weight not over 0.2 percent molybdenum or vanadium, or 0.3 percent. In 1980, item 607.15 was redesignated as a result of duty on item 607.15 was eliminated as a result of a concession granted by the U.S. in trade negotiations. The column 2 item 606.13 provides for unconditional duty-free pig iron described therein is not an eligible item under the Generalized System of Preferences (GSP).

The Tariff Commission 1/ instituted duties on pig iron from West Germany, Czechoslovakia, Romania, and Bulgaria. The Treasury Department that pig iron from these countries was less than fair value. The Commission considered each case. 2/ The injured industry requested the facilities of the cold pig iron producers in each case. It was determined that it to be the facilities of the merchant producers.

The Treasury Department advised the Tariff Commission that Finland, and West Germany was being considered. The Commission made unanimous affirmative recommendations for the elimination of imports of pig iron from Canada and West Germany. The elimination by a 2-to-2 vote with respect to the injured industry was considered to be a success.

The U.S. International Trade Commission



Importers' ports of entry and storage points.
Domestic producers' plant locations and storage points.
Market areas are designated by Roman numerals I-VII.



ts.

Importer's ports of entry and storage points, producer's plant locations and storage points

Importers

Birmingham, Ala.*
Brownsville, Tex.*
Camden, N.J.
Chicago, Ill.
Cleveland, Ohio
Detroit, Mich.
Erie, Pa.
Holland, Mich
Houston, Tex.*
Keokuk, Iowa*
Laredo, Tex.
Los Angeles, Calif.
Louisville, Ky.*
Memphis, Tenn.*
Muskegon, Mich.
New Orleans, La.
Norfolk, Va.
Oakland, Calif.
Portland, Maine
Portland, Oregon
Seattle, Wash.
Toledo, Ohio
Tulsa, Okla.*

Producers

Albany, N.Y.*
Aurora, Ind.*
Birmingham, Ala.
Buffalo, N.Y.
Chicago, Ill.
Cleveland, Ohio*
Detroit, Mich.
Geneva, Utah
Green Bay, Wisc.*
Minneapolis, Minn.*
Muskegon, Mich.*
Pittsburgh, Pa.
Portsmouth, Ohio*
Sharpsville, Pa.
Toledo, Ohio*

Export capacity

Pig iron is produced in almost iron are much fewer. Export capacity imports in 1978 is shown in table 2.

Table 2.--Pig iron: U.S. imports for principal

(In thousands

Source

Canada-----
Brazil-----
Sweden-----
France-----
Australia-----
United Kingdom-----
Republic of South Africa-----
Belgium-----
India-----

1/ Export capacity estimated from act

2/ Less than 500 tons.

Source: Imports compiled from office Commerce, and export capacity estimate U.S. Department of the Interior, Bureau

The Brazilian industry

Over 100 Brazilian firms, employ iron. Brazil exported slightly in ex 1978, of which 198,000 tons were impo iron imported from Brazil in 1978, Siderurgica Paraense S.A. (USIPA), percent by Cia Siderurgica Pitangui, and *** percent by Cia. Brasileira Brothers. The balance was supplied All of these operations use charcoal largest producers, employ relatively example, many of the small operati virtually homemade and cast the metal Much of the pig iron produced by the quality or did not meet internation importer, quality is now much better.

50 countries, but the exporters of pig iron for the countries that provided U.S.

consumption and export capacity, 1/ by sources, 1978

(of short tons)

	U.S.		Export
	imports		capacity
-----:	240	:	650
-----:	198	:	1,100
-----:	144	:	650
-----:	30	:	200
-----:	16	:	900
-----:	11	:	50
-----:	9	:	500
-----:	7	:	50
-----:	<u>2/</u>	:	800
:		:	

actual export trends.

ial statistics of the U.S. Department of and from trade statistics supplied by the of Mines.

ying about 54,000 persons, produce pig iron in excess of 1 million tons of pig iron imported into the United States. Of the pig iron *** percent 1/ was supplied by Usina a subsidiary of Philipp Brothers, *** percent by Cimetel Siderurgica S.A., de Ferro, also a subsidiary of Philipp by a number of much smaller producers. as a fuel and, with the exception of the y basic production techniques. For ons utilize blast furnaces which are on sand rather using a casting machine. ese methods has not been of a constant al standards. According to the major

The potential impact of Brazilian iron exports is dependent on a number of factors. Brazilian figures are not available; however, Brazil has a surplus capacity while petitioners claim that Brazil's export capacity was estimated at about 14 percent entered the U.S. market. The EEC (EEC) has been an important market for Brazil. In 1976, 1979, dumping duties were levied on EEC by way of a third (non-EEC) country. A potential shift of exports from the EEC to the U.S. Government has been actively pursuing new customers such as Japan, China, Taiwan, etc. Brazilian currency should make its exports more competitive where demand has been strong.

U.S.

Export channels for Brazilian pig iron

The Government of Brazil has requested that through four large collecting and channeling companies: Channel Unexport, Channel Phibro, and Channel Sider, the system are increased export efficiency and the ability to meet long-term-contract requirements and control prices, thus minimizing any impact on Brazilian producers. Improved quality of exports through this system.

Channel Phibro serves as the export channel for the largest among these firms is USIPA, a subsidiary of Philipp Brothers, 2/ the largest importer into the United States. Philipp Brothers handles 25 percent of total imports of Brazilian pig iron. USIPA and Cia. Brasileira de Ferro subserve as the export channel it utilizes. Channel Phibro handles U.S. imports; the other two channels serve as the major producers and their specified channels. The purposes are listed in the following table:

1/ See hearing transcript, pp. 205-206.
2/ Philipp Brothers is a subsidiary of the International corporation in the minerals industry.

pig iron on the U.S. market is dependent on Brazilian production capacity utilization. Brazilian officials claim there is no surplus of 10 to 20 percent. 1/ to be 1.1 million tons in 1978 of which market. The European Economic Community Brazilian exports, however, as of March on Brazilian pig iron imported into the country. Although this action would indicate the EEC to other markets, the Brazilian long-term contracts with Far Eastern countries, and Korea. The recent devaluation of exports more attractive in these markets.

Importers

required that exports of pig iron be routed through coordinating channels: Channel Cimet, and Channel Interbras. Benefits of this arrangement, the ability to fill large orders, the supply requirements and the ability to avoid adverse price competition between producers. Control is also an implicit benefit of

export conduit of six Brazilian producers. Usiminas (Usina Siderurgica Paraense S.A.), a large steel producer, is the largest importer of Brazilian pig iron. Usiminas accounts for an estimated *** million tons of pig iron. It obtains its pig iron from its subsidiaries and from other members of the Usiminas group. Channel Cimet is also a significant source of pig iron. The other channels are small and relatively unimportant. Channel of Brazilian pig iron for export distribution:

Channel Cimetal

Cimetal Siderurgica S.A.
Siderurgica Uniao Bondespachense
Siderurgica Bandeirantes Ltda.

Channel Unexport

Cia. Setelagoana de Siderurgia
Siderurgica Valinho S.A.
Siderurgica Itatiaia S.A.

Channel Phibro

Usina Siderurgica Paraense S.A.
Cia. Brasileira de Ferro
Cia. Sao Sebastiao de Itatiaiuçu
Siderurgica Camaragos S.A.
Metalurgica N. Sra. da Penha S.A.
Cia. Siderurgica Pitangui

Channel Intrabras

Siderurgica Alterosa Ltda.
Sicafe - Produtos Siderurgicos
Siderurgica Santa Maria
Siderurgica Valinho S.A.
Cia. Setelagoana de Siderurgia
Siderurgica Sao Paulo
Sid. Uniao Bondespachense
Siderurgica Bandeirantes Ltda.

activities of Brazilian pig iron are
cleans. The imported merchandise directed
markets. In addition, pig iron entered
Mississippi and other inland waterways
points in northern markets. In winter
closed, such imports are supplied by
ordinarily served by direct ocean-borne
incurred by importers and/or purchasers
ve cost of barging is *** per short ton
roducers, in all markets, importers
mand centers. This enables importers
thout delay and on a dependable basis.
rge inventories but depend on producers
their pig iron requirements.

Consideration of Material In

S. production

Domestic pig iron production declined
ns in 1973 to 81.3 million short tons in
87.7 million short tons. Over 95 per
g iron, used heavily in steelmaking.
osely followed the cyclical nature of t
d 1969, declining in 1970 and 1971,
fore dropping sharply in 1974 and
n steelmaking grades, which constitute
rcent from 1968 to 1978 and became an
oduction as shown in table 3.

imported through the Port of New
ctly serves southern and southwestern
ed at New Orleans is barged up the
(e.g., the Ohio River) to storage
r, when the St. Lawrence Seaway is
barge to Great Lakes storage points
ne shipments. Additional costs are
when barging is used. A representa-
on. In order to compete with domestic
ust utilize storage depots close to
to deliver pig iron to a purchaser
. Most small foundries do not carry
or importers for a consistent supply

Injury or the Threat Thereof

d from a peak of 100.9 million short
n 1977. Production increased in 1978
cent of production was of basic grade
Production of this kind of pig iron
he steel industry, increasing in 1968
increasing again in 1972 and 1973,
1975. However, production of the
merchant pig iron, declined over 40
even smaller share of total domestic

Period

1968-----
1969-----
1970-----

1971-----
1972-----
1973-----
1974-----
1975-----

1976-----
1977-----
1978-----
1979 (preliminary)-----

Source: Compiled from off
Institute.

Note.--Because of rounding,

The plant closings of 19
tion of cold merchant pig i
content over 0.10 percent, as

Pig iron production			Prod
Basic	Other grades	Total	for
-----Million short tons-----			t
83.4	5.4	88.8	
89.9	5.1	95.0	
86.4	5.0	91.4	
77.3	4.0	81.3	
84.0	4.9	88.9	
96.2	4.6	100.9	
91.2	4.7	95.9	
75.9	4.0	79.9	
82.9	4.0	86.9	
78.2	3.1	81.3	
84.5	3.2	87.7	
84.8	2.2	87.0	

Official statistics of the American Iron and Steel Institute

figures may not add to the totals shown due to rounding

1978 and 1979 had a significant effect on pig iron production, particularly the pig iron with a high silicon content as shown in table 4.

Type

Containing over 0.10 percent phosphorus (hi-phos)-----
Containing 0.076 to 0.10 percent phosphorus (med.-phos)-----
Containing under 0.076 percent phosphorus (low-phos)-----
Total-----

Source: Compiled from data submitted
U.S. International Trade Commission.

Production of medium phosphorus pig
1977 to 1979, constituting an increasing
Medium phosphorus pig iron represented 5
percent in 1979.

Capacity utilization

The petitioners alleged a low utilization
pig iron. The following table utilizes
petitioners. Capacity utilization decreased
percent in 1978. The large increase in
that occurred in 1979 was primarily attributed
production capacity in that year. Questioners
showed the same trend in utilization

	1977	1978	1979
-----	284.9	200.0	*
18			
-----	528.8	540.2	567
-----	121.8	116.9	*
-----	935.5	857.1	782

in response to questionnaires of the

iron increased about 7 percent from its share of total U.S. production to 57 percent of production in 1977; 7

ization of capacity for cold merchant capacity figures provided by petitioners from 42.2 percent in 1975 to 36.1 percent capacity utilization to 54.1 percent attributable to the 900,000 ton decline in questionnaire data received from petitioners.

Period	:	C
	:	<u>1,000</u>
1968-----	:	
1969-----	:	
1970-----	:	
	:	
1971-----	:	
1972-----	:	
1973-----	:	
1974-----	:	
1975-----	:	
	:	
1976-----	:	
1977-----	:	
1978-----	:	
1979-----	:	
	:	

1/ Estimated.

Source: Compiled from petitioner American Iron and Steel Institute.

There have been some recent changes to those in earlier years that are for cold pig iron. In September 1979 and in December 1979, Interlake and U.S. Steel are considering closure of Portsmouth and Geneva.

U.S. producers' sales and exports

Iron capacity shipments other than for
 capacity utilization, 1968-79

Capacity	:	Shipments	:	Capacity
short tons	:	1,000 short tons	:	utilization
	:		:	Percent
3,000	:	2,096	:	69.9
3,000	:	2,355	:	78.5
3,000	:	2,387	:	79.6
	:		:	
3,000	:	1,703	:	56.8
3,000	:	1,714	:	57.1
2,600	:	1,974	:	75.9
2,600	:	1,470	:	56.5
2,200	:	929	:	42.2
	:		:	
2,200	:	1,001	:	45.5
2,200	:	962	:	43.7
2,200	:	812	:	36.9
1,300	:	<u>1/</u> 703	:	54.1
	:		:	

's data and official statistics of the

closures of domestic facilities, in addition
 reflected in the above drop in capacity
 1978, U.S. Steel closed its Cleveland plant
 closed its Toledo plant. Cyclops Corp. and
 of their respective pig iron facilities in

Type	1977	1978	1979
	Quantity (1,000 short tons)		
Containing over 0.10 percent phosphorus-----	250.0	253.5	181.6
Containing 0.076 to 0.10 percent phosphorus-----	508.7	517.8	430.8
Containing under 0.076 percent phosphorus-----	131.6	128.4	102.8
Total-----	890.3	899.7	715.2
	Value (Million dollars)		
Containing over 0.10 percent phosphorus-----	51.3	51.4	43.9
Containing 0.076 to 0.10 percent phosphorus-----	88.1	83.4	74.8
Containing under 0.076 percent phosphorus-----	23.8	23.5	19.5
Total-----	163.2	158.3	138.2

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Exports of pig iron, as reported by the U.S. Department of Commerce, are shown in the following tabulation:

	Quantity (Short tons)
1973-----	15,000
1974-----	100,000
1975-----	60,000
1976-----	57,000
1977-----	51,000
1978-----	52,000
1979-----	<u>1/</u> 110,000

Exports have usually been equal to about 15 percent of U.S. imports, except for 1978, when they dropped to 7.8 percent. Although a sizable proportion of these exports go to Mexico (8.7 percent in 1978), they do not include material imported into the United States and then reexported. 2/

1/ Estimated.

2/ See U.S. imports section.

Canada-----
Japan-----
Hungary-----
Sweden-----
Brazil-----
All other-----
Total-----

Canada-----
Japan-----
Hungary-----
Sweden-----
Brazil-----
All other-----
Total-----

Canada-----
Japan-----
Hungary-----
Sweden-----
Brazil-----
All other-----
Total-----

Source: Compiled from

Table 9 shows import
pig iron reexported to M

	1975	1976	1977	1978
	Quantity (1,000 short tons)			
	224	225	189	240
	104	0	6	0
	56	0	0	0
	32	8	30	144
	26	129	127	198
	36	52	25	73
	478	414	377	655
	Value (1,000 dollars)			
	35,392	33,791	27,326	33,472
	12,575	-	552	-
	9,225	-	-	-
	3,410	1,013	2,365	9,396
	2,717	10,846	11,385	20,353
	5,995	5,492	3,757	9,013
	69,314	51,142	45,385	72,234
	Unit value (per ton)			
	\$158	\$150	\$145	\$140
	121	-	92	-
	165	-	-	-
	107	127	79	65
	105	84	90	103
	167	106	150	124
	145	124	120	110

official statistics of the Department of Commerce

of Brazilian pig iron by production source, Mexico. 1/ The dominant role of Philipp Brothers

(In thou

Brazilian produc

Usina Siderurgica Paraense S.A.	-----
Cia Siderurgica Pitangui	-----
Cimetal Siderurgica S.A.	-----
Cia Brasileira de Ferro	-----
Cia Siderurgica Vale do Paraopeba	-----
Siderurgica Valinho S.A.	<u>1</u> /-----
Interbras Cayman	<u>1</u> /-----
Other producers	-----
Unspecified	-----
Total	-----
Reexported to Mexico	<u>2</u> /-----
Net imports	-----

1/ This is Channel Interbras, a

2/ The pig iron being reexported
Brazilian in origin. For example,
reexports came from Norway.

Source: Compiled from data of
U.S. International Trade Commission
Department of Commerce.

Table 10 shows that most of
content of 0.076 to 0.10 percent
category under 0.076 percent pho

(thousands of short tons)

Commodity	1977	1978
Iron ore	***	***
Iron scrap	***	***
Steel scrap	***	***
Cast iron	***	***
Pig iron	***	***
Iron castings	***	***
Iron pipes	***	***
Iron structural shapes	***	***
Iron tanks	***	***
Iron machinery	***	***
Iron tools	***	***
Iron other	***	***
Total iron	127.0	19.0
Steel	***	***
Cast iron	***	***
Iron castings	***	***
Iron pipes	***	***
Iron structural shapes	***	***
Iron tanks	***	***
Iron machinery	***	***
Iron tools	***	***
Iron other	***	***

A grouping of a number of small products imported to Mexico is mostly but not completely, in *** *** tons or *** per

submitted in response to questionnaire and from official data of

of the pig iron imported from Brazil, phosphorus, and very little has phosphorus.

77-----:	890.0 :	487
78-----:	899.7 :	467
79-----:	715.2 :	361
:	:	

Source: Compiled from data and
U.S. International Trade Commission

The unadjusted inventory for 1977 shows a 124.7 percent decrease in inventory from 1977 to 50.6 percent in 1978. Inventories that were sold off as "scrap"-steelmaking hot metal that were used in steel furnaces to make steel. After a 124.7 percent increase from 1977, sales shows an increase from 1977. The adjusted data are believed to be favorable for domestic cold pig

3. imports

Total U.S. imports of pig iron increased 37.0 percent from 1977

.0 :	54.7 :
.3 :	51.9 :
.8 :	50.6 :
:	:

submitted in response to
ion.

figures and ratio of inven
ries and a drop in the r
1979. However, this una
after the closure of two
it was poured on the gr
receive it and that was
removing this metal, th
rom 1977 to 1979 and the
11.7 percent in 1977 to 3
to be more representative
iron.

iron, which are mostly c
1975 to 1978, or from 4

Year	: High : :phosphorus :
77-----	***
78-----	***
79-----	***
77-----	***
78-----	***
79-----	***
7-----	***
8-----	***
9-----	***

Source: Compiled from data submitted to the International Trade Commission.

About 90 percent of Brazilian imports. As shown in table 11, it is this type of share of U.S. production.

from Brazil, by phosphorus content,
-79

Medium phosphorus	:	Low phosphorus	:	Total
Quantity (1,000 short tons)				
:	:	:	:	:
103,347	:	***	:	134,676
125,539	:	***	:	161,419
142,613	:	***	:	158,918
Value (1,000 dollars)				
:	:	:	:	:
11,217	:	***	:	14,018
14,725	:	***	:	17,301
19,152	:	***	:	21,133
Unit value (per ton)				
:	:	:	:	:
\$108.54	:	***	:	\$104.09
117.29	:	***	:	107.18
134.29	:	***	:	132.98
:	:	:	:	:

n response to questionnaires of the

s are classified as medium phospho-
type of pig iron that accounts for a

Item	Imports from Brazil	Production	Ratio of imports to production
	<u>1,000 short tons</u>	<u>1,000 short tons</u>	<u>Percent</u>
77:			
Containing over 0.10 percent phosphorus-----	***	285	***
Containing 0.076 to 0.10 percent phosphorus-----	103	529	19.5
Containing under 0.076 percent phosphorus-----	***	122	***
All grades-----	135	936	14.4
78:			
Containing over 0.10 percent phosphorus-----	***	200	***
Containing 0.076 to 0.10 percent phosphorus-----	126	540	23.3
Containing under 0.076 percent phosphorus-----	***	117	***
All grades-----	161	857	18.8
79:			
Containing over 0.10 percent phosphorus-----	***	***	9.4
Containing 0.076 to 0.10 percent phosphorus-----	143	568	25.2
Containing under 0.076 percent phosphorus-----	***	***	4.6
All grades-----	159	782	20.3

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Iron consumption

Total demand for pig iron.--The trend and structure of shipments of pig iron, including both hot metal and cold metal, are shown in table 12. Hot metal is included because it is closely related to cold pig iron, being produced by the same plants and having a common product stream right to the next step. Both are used to make cast-iron products. These shipments data, furnished by the American Iron and Steel Institute, are shipments "other than own use," and will be used to calculate apparent consumption. In other words, they reflect arm's-length, nonrelated party transactions. Data for 1979 are estimates based on responses to Commission's questionnaires.

could metal shipments levels demonstrate a massive high point on the graph is low point lower than its predecessor. (1977) level of domestic shipments turned upturn in imports.

Apparent consumption has decreased from 1 billion short tons in 1978, or by 3 percent of the substitution of scrap iron in foundries melt to cast into iron products.

Table 12.--Merchant pig iron: United States, 1968-78

(In thousands of short tons)			
	Basic	Bessemer and lowphos	Foundry
1968	786	534	562
1969	1,010	600	756
1970	781	650	828
1971	463	572	523
1972	700	563	571
1973	736	598	580
1974	643	487	430
1975	488	379	291
1976	530	439	356
1977	663	533	173
1978	677	413	210
1979 preliminary	538	279	227

Shipments of pig iron other than for export are preliminary.

Source: Annual Statistical Report, American Iron and Steel Institute.

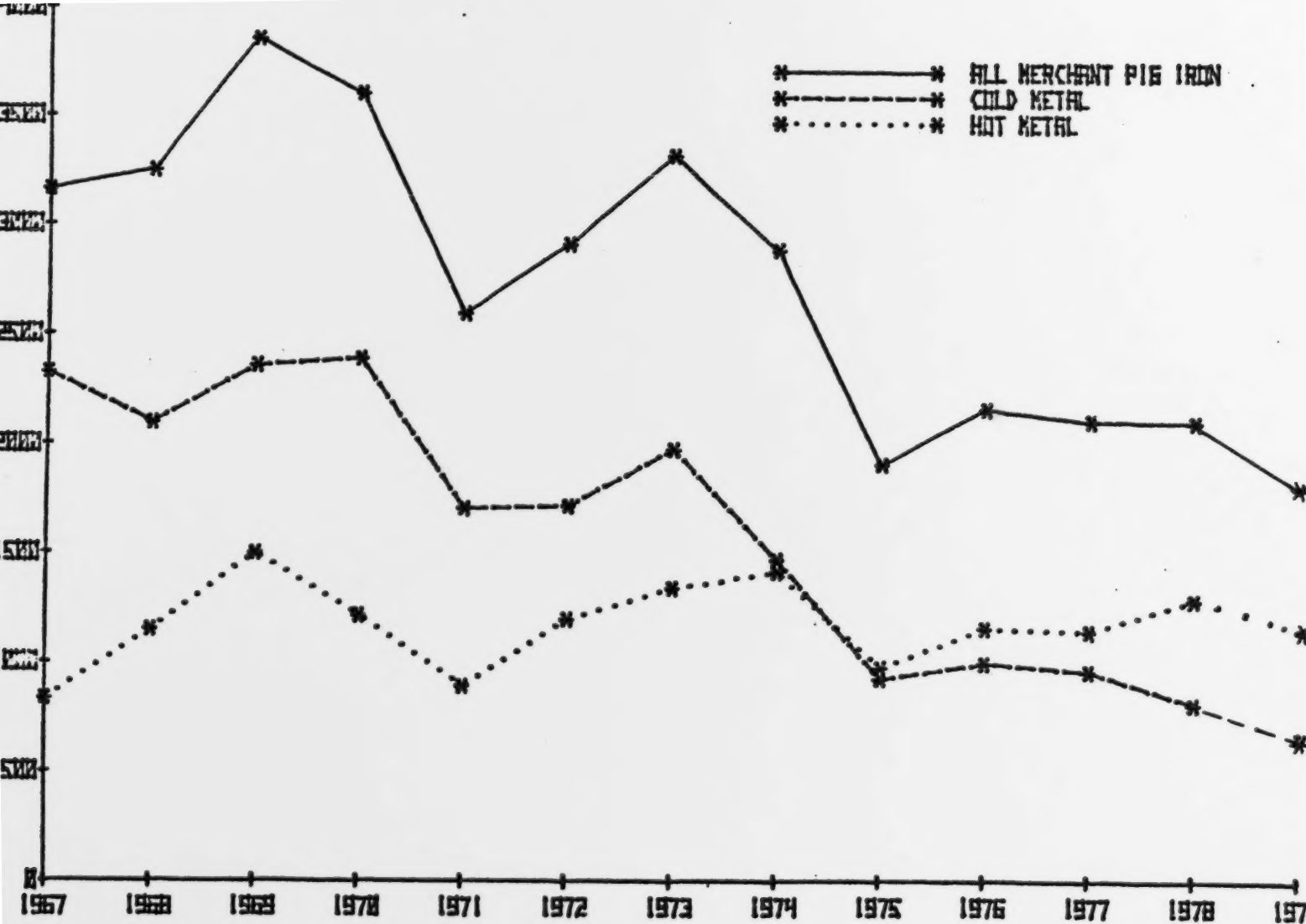
strate the long-term decline. Each
 ver than the previous highs and each
 The relatively flat post recession
 ned down again, in 1978, concomitant
 rom 4.0 million short tons in 1968 to
 2.8 percent (table 13). This is a
 for pig iron in the raw material mix
 ucts.

.S. shipments, 1/ by grades,
 9

net tons)				
Malleable and silvery	:	Total		
		Total	: Hot : metal	: Cold : metal
	:		:	:
1,364	:	3,246	: 1,150	: 2,096
1,486	:	3,852	: 1,497	: 2,355
1,341	:	3,600	: 1,213	: 2,387
	:		:	:
1,037	:	2,595	: 892	: 1,703
1,075	:	2,909	: 1,195	: 1,714
1,398	:	3,312	: 1,338	: 1,974
1,223	:	2,883	: 1,413	: 1,470
752	:	1,910	: 981	: 929
	:		:	:
836	:	2,161	: 1,160	: 1,001
737	:	2,106	: 1,144	: 962
799	:	2,099	: 1,287	: 812
811	:	1,855	: 1,151	: 703
	:		:	:

U.S. producers' own use.

ican Iron and Steel Institute.



Source: Derived from data presented in table 12.



969-----	:	3,852 :	407 :
970-----	:	3,600 :	249 :
	:	:	:
971-----	:	2,595 :	306 :
972-----	:	2,909 :	637 :
973-----	:	3,312 :	446 :
974-----	:	2,883 :	342 :
975-----	:	1,910 :	478 :
	:	:	:
976-----	:	2,161 :	414 :
977-----	:	2,106 :	377 :
978-----	:	2,099 :	655 :
979-----	:	<u>2/</u> 1,855 :	476 :
	:	:	:

1/ Includes domestic shipments of hot and cold

2/ Preliminary.

3/ Estimated.

Source: Imports and exports compiled from U.S. Department of Commerce; domestic shipments compiled from AISI institute annual statistical reports.

Demand for cold merchant pig iron.--U.S.
and apparent consumption of cold merchant pig iron are shown in table 14. Figure 3 graphs these data in order to show demand and the changing relationships of imports and exports supplying the demand for cold merchant pig iron.

Demand, as measured by apparent consumption, followed the 1969-71 business cycle downturn and the 1971-75 business cycle. At the same time, the long-run trend of demand for cold merchant pig iron declined throughout the period 1967-79. The substitution of scrap for pig iron by custom mills and technological change as new efficient furnaces replaced blast furnaces in the pattern of domestic shipments, in turn, partially offset the decline in demand. Significant deviation from this trend occurred in 1974 when both imports and domestic shipments responded

1/ Shipments data are shipments "other than foreign" from the American Iron and Steel Institute (AISI). They exclude foreign transactions. Data for 1979 are preliminary.

44 :	4,215 :	9.7
310 :	3,539 :	7.0
:	:	
34 :	2,867 :	11.8
15 :	3,531 :	18.0
15 :	3,743 :	11.9
101 :	3,124 :	10.9
60 :	2,328 :	20.5
:	:	
57 :	2,518 :	16.4
51 :	2,432 :	15.5
51 :	2,703 :	24.2
<u>3/</u> 110 :	<u>3/</u> 2,221 :	21.4
:	:	

old merchant pig iron.

official statistics of the U.S.
from American Iron and Steel

S. shipments 1/, imports, exports
g iron, 1968-79, are presented in
der to show the changing levels of
imports and U.S. shipments in
on.

tion, reflects a cyclical pattern
turn and mirrored the troughs and
same time, the graph shows that
rchant pig iron has been on the
is is a reflection of both the
ers (foundries) and the effect of
aces are brought on stream. The
allels that of apparent consump-
d occurred only in 1972-73, when
to the surge in demand

for own use" as published by the
ey reflect armslength, nonrelated
nary numbers from AISI.

ratio of imports to apparent consumption has fallen sharply to a level of 46 percent in 1977.

The graph also shows that over the period 1968-1977 has remained relatively flat since 1968. Merchant pig iron progressively increased from a level of roughly 15 to 18 percent in the early 1970's to 46 percent in the late 1970's.

The secular decline in demand for pig iron shown in the graph coupled with the high fixed costs of the industry has caused a parallel decline in capacity utilization in the industry. Although the long-run trend has been flat in terms of tonnage, the effects of the recession have apparently aggravated the condition.

Table 14.--Cold pig iron shipments and apparent consumption

Year	Shipments	Apparent consumption
1968-----	2,096	2,096
1969-----	2,355	2,355
1970-----	2,387	2,387
1971-----	1,703	1,703
1972-----	1,714	1,714
1973-----	1,974	1,974
1974-----	1,470	1,470
1975-----	929	929
1976-----	1,001	1,001
1977-----	962	962
1978-----	812	812
1979-----	<u>1/</u> 703	<u>1/</u> 703

1/ Preliminary.

2/ Estimated.

Source: Imports and exports from the U.S. Department of Commerce; domestic shipments from the U.S. Bureau of Economic Analysis; annual statistical reports.

consumption of cold merchant pig iron rose compared with a 29 percent market ratio in

er the decade, the quantity level of imports since 1972. Thus, as the market for cold declined, imports increased proportionally percent in the early 1970's to a level of 35. The trend in imports for 1977-79 is upward.

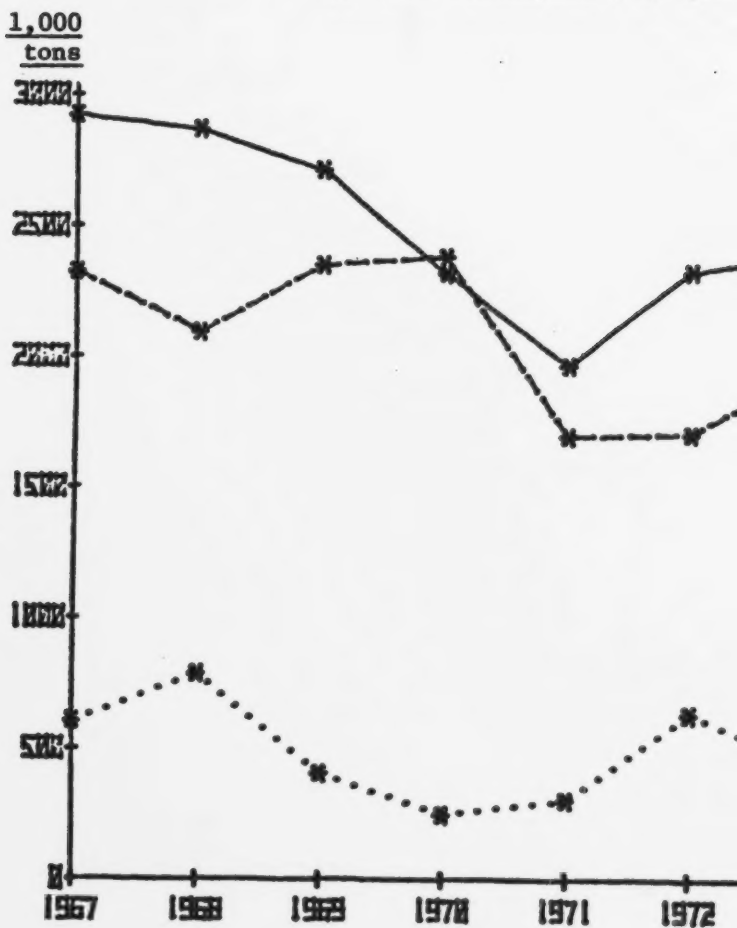
for cold merchant pig iron as shown on the costs associated with this industry suggests utilization with attendant adverse impact on run trend of imports has remained relatively effects of short run spurts of import growth tion of the domestic industry.

U.S. shipments, imports, exports,
consumption, 1968-78

Imports	Exports	Apparent consumption	Ratio of imports to consumption
1,000 short tons			Percent
786	11	2,871	27.4
407	44	2,718	14.9
249	310	2,326	10.7
306	34	1,975	15.5
637	15	2,336	27.3
446	15	2,405	18.5
342	101	1,711	20.0
478	60	1,347	35.5
414	57	1,358	30.5
377	51	1,288	29.3
655	51	1,416	46.3
476	<u>2/</u> 110	<u>2/</u> 1,069	44.5

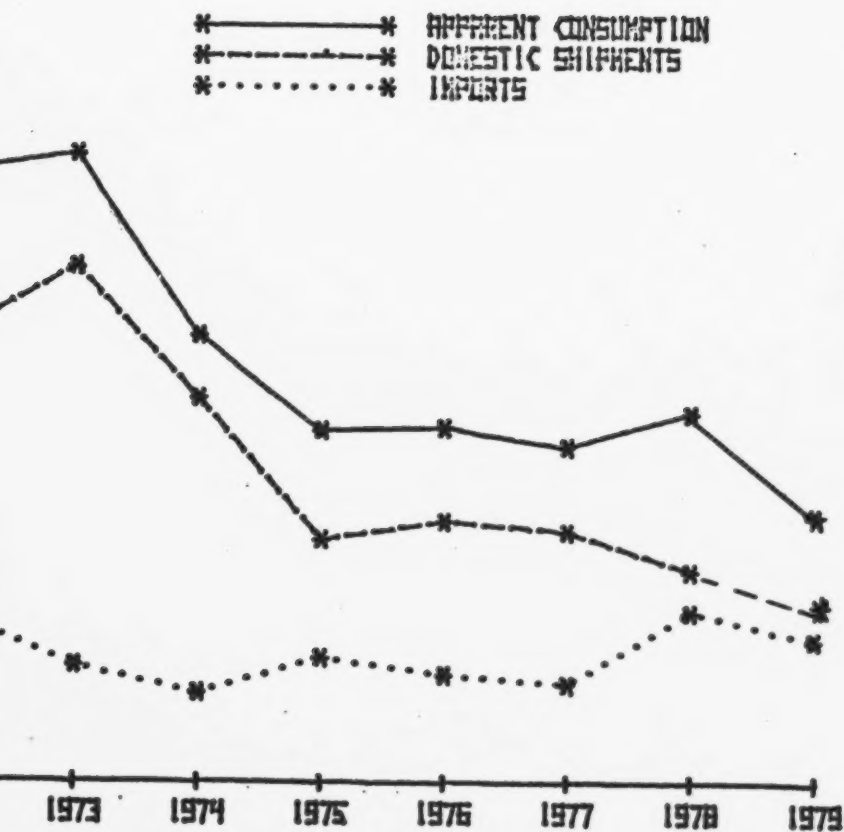
compiled from official statistics of the U.S. shipments from American Iron and Steel Insti-

apparent consumption, by quan



Source: Derived from data presented in table

Shipments, Imports and
Quantity, 1967-'78.



e 14.

Table 15.--Average number of prod
and cold pig iron, an

Year

1977-----
1978-----
1979-----

1/ Does not include employees of U

Source: Compiled from data submit
U.S. International Trade Commission.

The average number of production wor
ron decreased from 2,681 in 1977 to
average number of production worker
5,519 in 1977 to 956 in 1979, or by
his time period; U.S. Steel closed
nterlake closed its Toledo plant in

The man-hours worked by produc
old pig iron for four producers w
1978, and 2.1 million in 1979. The
orkers producing cold pig iron for
1.9 million in 1978, and 1.9 million
aking hot and cold pig iron decrea
he man-hours on cold pig iron also
period. The changes in man-hours w
lant closures.

Productivity, for four hot and
roduction per man-hour, was 0.431
1978, and 0.337 tons in 1979, for
oductivity for six cold pig iron
1977, 0.365 tons in 1978, and 0.515
rom 1977 to 1979.

Wages, for two hot and cold p
irect labor per man-hour, were ***
12.4 percent increase from 1977
roducers, were *** in 1977 *** in

Production workers for all products, for hot
and for cold pig iron, 1977-79

	Production workers 1/	Pig iron workers	Cold pig iron production workers
---	85,340	2,681	1,519
---	84,205	2,773	1,447
---	85,637	1,911	956
:	:	:	:

U.S. Steel.

mitted in response to questionnaires of the

workers for hot (nonsteelmaking) and cold pig
to 1,911 in 1979, or by 28.7 percent. The
ers for cold pig iron alone decreased from
y 37.1 percent. Two plants were closed in
its Cleveland plant in September 1978 and
December 1979.

tion and related workers producing hot and
were 3.1 million in 1977, 3.1 million in
man-hours worked by production and related
r six producers were 2.7 million in 1977,
n in 1979. The man-hours worked by workers
sed by 33.7 percent from 1977 to 1979, and
ne decreased 29.6 percent in the same time
orked also reflect the previously mentioned

d cold pig iron producers, as measured by
tons per man-hour in 1977, 0.420 tons in
a 21.8 percent decrease from 1977 to 1979.
producers was 0.440 tons per man-hours in
tons in 1979, for a 14.6 percent increase

ig iron producers, as measured by cost of
in 1977, *** in 1978, and *** in 1979, for
7 to 1979. Wages for two cold pig iron
1978, and *** in 1979, for a 12.9 percent

adjustment assistance. However, the Department of Labor requests for trade adjustment assistance for workers at the Hanna Furnace Corp. and the Chicago and Toledo plants of Inter

Financial Experience of U.S. Pig Iron Producers

Profit-and-loss experience

Net operating profit of four pig iron producers, representing sales of cold pig iron in 1979, on their own within which pig iron was produced decreased from \$11.2 million loss of \$5.1 million in 1979, as shown in table 16. Profit net sales was 2.6 percent in 1977; losses of 0.8 and 1.1 percent in 1978 and 1979, respectively.

Net operating profit of four pig iron producers on their cold pig iron decreased by 70.2 percent from \$11.9 million in 1979. The \$3.6 million profit will drop substantially because the write off will apply to 1979 earnings. Profit as sales of cold pig iron was 9.3 percent in 1977, a loss of 1.5 percent and a profit of 3.4 percent in 1979. The loss in 1978 primarily closure of Interlake's Toledo plant. Net sales of cold pig iron this time period from \$129.0 million in 1977 to \$103.4 million in 1979.

The impact of production costs, such as those for raw labor, on pig iron profit is shown in the following ratio of cost to sales:

	Overall operations (Percent)	Cost to sales (Percent)
1977	95.1	95.1
1978	98.6	98.6
1979	98.9	98.9

The decrease in the above ratio in 1979 for cold pig reflects Interlake's Toledo plant in 1978 and sales made from its stock. Underutilization of capacity has also increased production costs.

According to the largest domestic producer, average costs of pig iron have risen from *** in 1975 to *** in 1979, but prices have remained fairly constant.

Net sales-----1,
Cost of sales-----
Gross profit-----
Administrative expenses-----
Net operating profit or (loss)-----
Other income or (expense)-----
Net profit or (loss) before
income taxes-----1,
Ratio of net operating profit to
net sales-----

Net sales-----1,
Cost of sales-----
Gross profit-----
Administrative expenses-----
Net operating profit or (loss)-----
Other income or (expense)-----
Net profit or (loss) before income
taxes-----1,
Ratio of net operating profit to
net sales-----

1/ Nonrecurring expense.

Source: Compiled from data submitted to the
U.S. International Trade Commission.

Note: Because of rounding, figures may not add.

Return on investment and capital employed

Table 17 compares book value of equity in the production of pig iron with the ratios of net operating profit to book value in the period from 1977 to 1979.

	1977	1978	1979
Total establishment operations			
000 dollars--	430,157	485,942	471,102
-----do-----	409,021	479,076	465,695
-----do-----	21,136	6,866	5,407
-----do-----	9,978	10,789	10,550
-----do-----	11,158	(3,923)	(5,143)
-----do-----	1,499	(13,744)	689
000 dollars--	12,657	(17,667)	(4,454)
-----percent--	2.6	(0.8)	(1.1)
Operations on cold pig iron			
000 dollars--	128,896	122,983	103,400
-----do-----	112,363	119,862	95,600
-----do-----	16,533	3,121	7,790
-----do-----	4,584	4,944	4,220
-----do-----	11,948	(1,824)	3,560
-----do-----	489	1/(15,142)	22
000 dollars--	12,437	(16,965)	3,780
-----percent--	9.3	(1.5)	3.4

mitted in response to questionnaires of the
on.

res may not add to the totals shown.

Expenditures

and replacement value of net assets employed
th net operating profit and shows that both
t to investment decreased or stayed the same

Item and year	in fa Net boo val
Overall operations:	
1977-----	2
1978-----	3
1979-----	3
Operations on cold pig iron:	
1977-----	
1978-----	
1979-----	

1/ Negative.

Source: Compiled from data submitted to the U.S. International Trade Commission.

Another comparison of financial performance of iron producers and other industries is shown in "Industry" (*Forbes*, Jan. 7, 1980) measured by dividing net profits by the basic steel industry in 1979, percent in 1979 and cold pig iron in 1979, this indicates that the double than the basic steel industry acknowledged to have a severe problem.

The five producers of cold pig

1977-----
1978-----
1979-----

Investment	:	:	Ratio of net operating
productive	:	Net	profit to investment
ilities	:	operating:	in productive
:	Replace-	profit :	ilities
k :	ment	or (loss):	Net :
ue :	value :	:	Replacement
		book value:	value
-Million dollars		Percent	Percent
:	:	:	:
:	:	:	:
85 :	509 :	11 :	3.9 :
01 :	523 :	(4):	1/ :
21 :	550 :	(5):	1/ :
:	:	:	:
55 :	280 :	12 :	21.8 :
48 :	274 :	(2):	1/ :
00 :	250 :	4 :	20.0 :
:	:	:	:
:	:	:	:

mitted in response to questionnaires of the

al conditions can be made between the pig
 is. The "Forbes Annual Report on American
 , states that the net profit margin, as
 net sales, had a median of 4.1 percent for
 and a median of 5.3 percent for all indus-
 producing pig iron had a net loss of 1.1
 operations had a net profit of 3.4 percent
 estic pig iron producers are less profit-
 y. The basic steel industry is generally
 m in raising capital.

iron had capital expenditures as follows:

<u>Capital</u> <u>expenditures</u> (1,000 dollars)	<u>Environmental</u> <u>expenditures</u> (1,000 dollars)
3,577	3,051
7,733	13,139
1,629	8,392

merchant pig iron increased
as shown in table 18.

Table 18.—Pig iron: U.S.
of m

Year
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979

Source: Imports compiled from
Commerce, and consumption from

The ratio of imports of
cold pig iron increased from
seen in table 19.

from 1.1 percent in 1975 to 8.3 percent in

. imports from Brazil and apparent consumption
merchant pig iron, 1968-79

	Imports from Brazil	Consumption of pig iron	Ratio imports consumption
	<u>1,000 short tons</u>	<u>1,000 short tons</u>	<u>Percent</u>
	33	4,021	
	0	4,215	
	0	3,539	
	26	2,867	
	213	3,531	
	58	3,743	
	0	3,124	
	26	2,328	
	129	2,518	
	127	2,432	
	198	2,703	
	184	2,221	

from official statistics of the U.S. Department
Commission calculations.

pig iron from Brazil to apparent consumption
1.9 percent in 1975 to 17.2 percent in 1979

	---1,000 short tons---		Percent
	33	2,871	1.1
	0	2,718	-
	0	2,326	-
	26	1,975	1.3
	213	2,336	9.1
	58	2,405	2.4
	0	1,711	-
	26	1,347	1.9
	129	1,358	9.5
	127	1,288	9.9
	198	1,416	14.0
	184	1,069	17.2

from official statistics of the U.S. Department of
from Commission calculations.

Scrap for pig iron

foundries) have been substituting scrap, which is
pig iron. 1/ The Iron Age average (annual) price
scrap was \$56 per short ton in 1977, \$68 per short ton
ton in 1979. This substitution trend has accele-
in table 20.

	: of pig iron :	: of scrap :
	<u>1,000 short tons</u>	
1968-----	2,752 :	14,036 :
1969-----	2,903 :	14,833 :
1970-----	2,153 :	13,126 :
1971-----	2,454 :	15,161 :
1972-----	2,873 :	17,292 :
1973-----	3,148 :	18,173 :
1974-----	3,944 :	21,140 :
1975-----	2,746 :	16,322 :
1976-----	2,785 :	18,632 :
1977-----	2,567 :	19,973 :
1978-----	2,672 :	19,896 :
	:	:

Source: Compiled from official statistics of the U.S. Department of the Interior, Bureau of Mines.

The trend is the result of foundries shifting their raw material from a 87-88 percent scrap 12-13 percent pig iron ratio, the installation of new furnaces that allow the use of more scrap, and new technology that enables scrap dealers to produce a more uniform and reliable product.

The question of price undercutting

The Commission, in making a determination with respect to the question of material injury, is required to consider as a specific factor, the effects of subsidized imports in the relevant market. ^{1/} With respect to reevaluating the market impact of prices of subsidized imports of pig iron in Brazil, it is necessary to determine "whether there has been significant undercutting by the imported merchandise as compared with the price of like products of the United States." ^{2/} Questionnaire responses provided by the source to analyze the price impact of subsidized imports of pig iron in Brazil. These data on actual transaction prices were used to determine the margins of price undercutting by the importers of Brazilian pig iron.

In countervailing duty cases, it is presumed in the absence of other data, that the alleged subsidies are reflected in export prices. These data provide the basis for margins of underselling at the market transaction level. Data provided by the administering authority confirms the reasonableness of Brazilian export prices in table 21, which presents a comparison of the average landed price of imported pig iron, by import source country, at

Table 21.--Pig iron: Range of export prices, 1/ average export price, port of entry, by import source (Per short ton)

	Country of origin	Range of f.o.b. export prices <u>1/</u>	Average export price <u>1/</u>	Average freight and insurance charges <u>2/</u>
II	Brazil-----	***	104	15
	Canada-----	***	156	<u>5/</u>
	Sweden-----	***	99	15
	Australia-----	-	-	-
II	Brazil-----	***	105	15
	Canada-----	***	163	<u>5/</u>
	Sweden-----	***	69	15
	Australia-----	-	-	-
IV	Brazil-----	***	110	15
	Canada-----	***	151	<u>5/</u>
	Australia-----	***	133	25
	Sweden-----	***	67	15
I	Brazil-----	***	108	17
	Canada-----	***	160	<u>5/</u>
II	Brazil-----	-	-	-
	Canada-----	***	162	<u>5/</u>

Export prices, port of lading were calculated from selected customs invoices. Charges are the average of actual charges as itemized on invoices.

**percent sales commission figure only; if unloading and dock charges are added, charge of **/per net ton.

Unloading charges, if absorbed by importer would increase landed price. Exports from Canada are shipped by truck or rail and no charge, (freight prepaid).

Source: U.S. Customs Service.

price, average freight and insurance charges, and average c.i.f. country, by quarter April 1978-March 1979

port ton)

Average c.i.f. price	Sales commission: /unloading and dock charges 3/	Average landed price, port of entry: 4/	Average domestic producer price 5/	Estimated importers' average margin of under-selling Dollars per: short ton : Percent
119 :	*** :	*** :	190 :	*** :
156 :	*** :	*** :	190 :	*** :
114 :	*** :	*** :	190 :	*** :
- :	- :	- :	- :	- :
120 :	*** :	*** :	190 :	*** :
163 :	*** :	*** :	190 :	*** :
84 :	*** :	*** :	190 :	*** :
- :	- :	- :	- :	- :
125 :	*** :	*** :	195 :	*** :
151 :	*** :	*** :	195 :	*** :
158 :	*** :	*** :	195 :	*** :
82 :	*** :	*** :	195 :	*** :
125 :	*** :	*** :	195 :	*** :
160 :	*** :	*** :	195 :	*** :
- :	- :	- :	- :	- :
162 :	*** :	*** :	195 :	*** :

voices and were converted to price per short ton.

ges are absorbed by the importer, the charges to c.i.f. would increase by

by an average of **/per short ton.

ght and insurance) are shown on customs invoices; shipments are "freight

from these documents, indicate the range of export for pig iron from these principal areas for calculating the average export price. Itemized on each invoice, are the basis of port of entry.

The data show that the price advantage for pig iron over the domestic product stemmed from export prices per short ton, f.o.b. Vitoria, plus average freight and insurance cost of \$15 per short ton to obtain a c.i.f. price, port of entry. The per short ton amounted to \$125 to \$130 per short ton in 1978-79 covered by the data.

Figure 4 extends this analysis graphically through September 1979. Estimated landed cost of discharge and handling costs at port of entry per short ton. These data are based on total entries per short ton, port of entry. Discharge and handling costs for Brazilian pig iron vary from a low of about \$10 per ton to a high of about \$14 per ton at west coast ports.

Comparing the prices of like and comparable products is considered a rather homogeneous product with similar chemical composition and corresponding discharge and handling costs. For comparisons of like products, three grades of pig iron, based on phosphorus content, were selected as representative of imported and domestic products.

They are: pig iron containing--

- (1) over 0.10 percent phosphorus,
- (2) 0.076 to 0.10 percent phosphorus
- (3) under 0.076 percent phosphorus.

These grades, hereinafter, will be referred to as high-phosphorus, medium-phosphorus, and low-phosphorus grades. Treasury's calculation of margins of underselling for these grades of pig iron but rather applied to the question of whether subsidy benefits were available for all grades of pig iron.

Data on lowest net transaction price for the three grades from both importers and domestic producers and domestic price trends and the margins of underselling for 1977-79 can be made by market area and in each market area. Margins of underselling of imports from domestic producers and margins of underselling of pig iron imports from foreign producers.

of export prices, f.o.b. port of source countries, and provide a basis

Charges for freight and insurance, for computing average c.i.f. price,

age of subsidized imported Brazilian from roughly a \$90 to \$125 range of ia, Brazil. To this base price, the to \$17 per short ton must be added

The resultant range of c.i.f. value per short ton over the four quarters

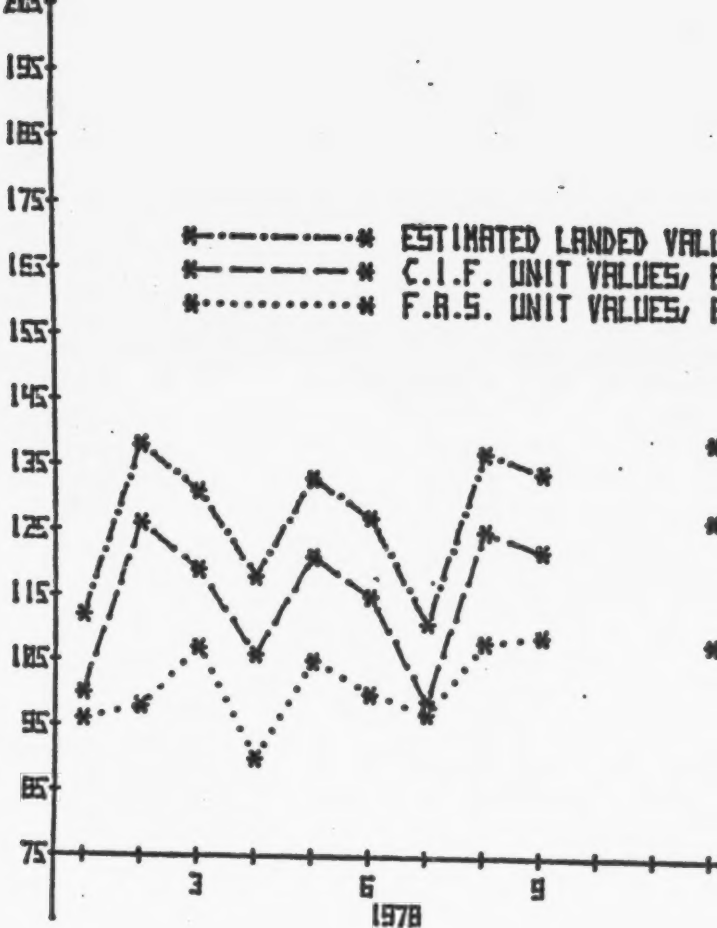
hically for the period January 1978 value per ton, is derived by adding entry to the average c.i.f. value per es of Brazilian pig iron, monthly, by costs at U.S. ports of entry for out \$6 per ton at eastern U.S. ports at ports.

petitive products.--Although pig iron ct, there are many grades of varied fferences in price. To enable price s of pig iron, defined by phosphorus of the competing range of imported

, and

referred to as high-phosphorus, grades of pig iron, respectively. osidy did not differentiate between o all grades; this was because the ades.

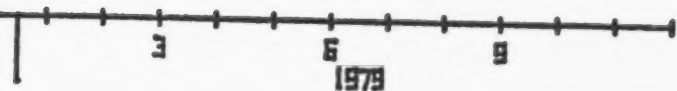
s, delivered, were collected for all stic producers. Comparison of import n of underselling of imports during a the aggregate for the U.S. market. Brazil can also be compared with ed from countries other than Brazil.



1/ C.i.f. & F.A.S. values are weighted averages

Source: U.S. Department of Commerce, IM 145X

IE
 PORT OF ENTRY $\frac{1}{7}$
 PORT OF EXPORT $\frac{1}{7}$



es.

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Mississippi. Those price data enable import margins of underselling.

Transaction prices of pig iron substantiate a pattern of selling during almost the entire period averaged from \$40 to \$77 per short ton. In two quarters of 1979 did margins in market areas. Margins of underselling another.

The broadest market coverage is in the medium-phosphorus grade. High-phosphorus, but in fewer market areas, grade reflects minimal market coverage.

Import prices of pig iron from Brazil, part, reflect insignificant margins. Iron from Canada, a major source of pig iron, is selling at margins of underselling or only slightly below domestic prices. Iron from other source countries have margins of underselling. Iron from Sweden (high-phosphorus grade) is selling at margins of underselling below domestic prices in the first half of 1979. Low-phosphorus pig iron from southern markets at margins of \$33 per short ton.

The high-phosphorus Swedish pig iron from Brazil as well as domestic pig iron is selling at margins of underselling. The low-phosphorus pig iron is selling at margins of underselling. The product rather than with pig iron is selling at margins of underselling. Competition as pervasive in market areas. Medium-phosphorus pig iron imported at margins of underselling. Percent of total imports of Brazil is small. Unimportance of high-phosphorus pig iron in tonnage terms, the margin of underselling is small. High-phosphorus grade.

Margin of underselling of pig iron from Brazil.--Table 22 presents the transaction prices of importers and price comparisons by market area and

ble similar comparisons of price trends and
on imported from Brazil and of domestic pig
significant margin of underselling by imports
1977-79. In dollar term, these margins
ton or from 19% to 39%. Only in the last
narrow appreciably, and only then in certain
selling did vary from one market area to

for imports of pig iron from Brazil is in
phosphorus Brazilian pig iron also competes
s. Importers' price data on low-phosphorus
age by Brazilian pig iron.

m countries other than Brazil, for the most
as of underselling, if any. Imported pig
f total imports, is sold at prices approxi-
mestic prices. At times, however, imports
disrupted the market with low prices. Pig
rade) was sold at margins of \$75 to \$94 per
West Central States from mid 1977 to early
m Australia was sold in both northern and
to \$59 per ton during most of 1977-79.

pig iron may have displaced imports from
iron;

iron from Australia competed with domestic
from Brazil. In neither case was the price
coverage or the tonnage as significant as
l from Brazil, which accounts for about 90
ilian pig iron. Because of the relative
nd low-phosphorus Brazilian pig iron in
erselling analysis focuses on the medium

medium-phosphorus pig iron imported from
respective margin of underselling for
d from Brazil. The margins are shown in
are based on weighted average lowest net
and domestic producers. (For transaction
grade, see appendix E.)

Table 22.—Pig iron containing 0.076 to 0.10 percent phosphorus
U.S. producers' product, based on average lowest net price
2-month periods 1977-79.

A EXPORTER, B PRODUCT

Period	Market area I (Northeast)		Market area II (North-central and Eastern)	
	Dollars:Percent		Dollars:Percent	
	amount		amount	
1977				
January-February-----	***	15	-	
March-April-----	***	15	***	
May-June-----	***	18	***	
July-August-----	***	17	***	
September-October-----	***	22	***	
November-December-----	***	20	***	
1978				
January-February-----	***	20	***	
March-April-----	***	20	***	
May-June-----	***	20	***	
July-August-----	***	22	***	
September-October-----	***	17	***	
November-December-----	***	17	***	
1979				
January-February-----	***	22	***	
March-April-----	***	23	***	
May-June-----	***	18	***	
July-August-----	***	13	***	
September-October-----	***	9	***	
November-December-----	***	9	***	

Source: Compiled from data submitted in response to

phosphorus: Average margin of underselling by imports from Brazil compared with
 at transaction prices, delivered to customers in 7 general U.S. market areas, by

II :Market area I		III:Market area IV		: Market area V		:Market area VI		:Market area VII	
ral: (West-central):		(Ohio Valley):		: (Southeast)		: (Southwest)		:(Pacific Coast)	
ent:Dollars:Percent:		Dollars:Percent:		Dollars:Percent:		Dollars:Percent:		Dollars:Percent:	
:amount :		:amount :		:amount :		:amount :		:amount :	
-	***	12	-	-	***	7	-	-	***
10	-	-	-	-	***	9	-	-	***
12	-	-	-	-	***	15	-	-	***
12	-	-	-	-	***	6	-	-	***
12	-	-	-	-	***	13	-	-	***
8	***	25	-	-	***	5	-	-	***
11	***	23	-	-	***	3	-	-	***
12	***	21	-	-	-	-	-	-	***
16	***	27	-	-	-	-	-	-	***
10	***	10	-	-	-	-	-	-	***
9	***	14	-	-	-	-	-	-	***
-	***	25	-	-	-	-	-	-	***
10	***	28	-	-	-	-	-	-	***
7	***	9	-	-	-	-	-	-	***
2	***	11	-	-	-	-	-	-	***
5	***	13	-	-	-	-	-	-	***
2	***	12	-	-	-	-	-	-	***
4	***	16	-	-	-	-	-	-	***

questionnaires of the U.S. International Trade Commission.

The medium-phosphorus grade market in the Northeast and Eastern States from March 1977 to March 1978, fell from a low of \$12 per ton to a high of \$31 per ton in the Pacific Coast market, medium-phosphorus domestic product produced in Birmingham, Alabama. The Brazilian imported pig iron decreased from \$21 per ton in 1978, but increased during 1979 by 11 percent.

Price data from foundries concerning the imports of medium-phosphorus pig iron were compiled from responses to Commerce Department questionnaires. The margins for medium-phosphorus pig iron imported from Brazil in the four major industrial market areas in 1978, underselling varied by market area, in the Northeast, the Eastern and Southern States. In these markets, margins were \$10 per ton in 1978, but the margins decreased to \$5 per ton. In the Ohio Valley, the margins were high of \$20 to \$30 per ton in 1978 and 1979.

Based on price data from imports of medium-phosphorus pig iron imported from countries other than Brazil, the price of the product only during July-December 1978 was about \$20 per ton or nearly \$10 per ton. Based on response data from purchasers, the margins for medium-phosphorus pig iron imported from countries other than Brazil—mainly from Brazil—by Northeastern States foundries were \$10 per ton purchased from domestic sources, (ap

The question of price depression or

The Trade Act also mandates that "if the effect of subsidized imports on prices of like domestic products is of such a nature and degree as to cause price depression to a significant degree." 1/ Thus, an analysis of the effect of which prices of subsidized imports are depressed domestic producer prices.

margin of underselling in the North Central to May 1979 was erratic, ranging from a lower ton and averaging about 12 percent. In medium-phosphorus pig iron from Brazil competes with Birmingham, Ala. The margin of underselling declined from \$36 per ton in 1977 to \$16 per ton in 1979 to \$23 per ton for a price advantage of

firm substantial margins of underselling by pig iron from Brazil. Purchasers' price data from the Commission's questionnaires indicate that pig iron from Brazil was purchased by foundries in areas as shown in Table 23. Margins of underselling with the highest average margins occurring in the North Central States and the West Central States. Margins of underselling ranged from \$28 to \$46 per ton in 1979 to range from \$17 to \$32 per ton in 1977. The margin of underselling was less, ranging from a high of \$18 to a low of \$7 per ton in July-December

from importers, and from purchasers, pig iron from Brazil appears in competition with domestic pig iron in 1979 (app. E). The margin of underselling was about 10 percent. According to questionnaire data, medium-phosphorus pig iron imported from Canada and Australia--was purchased at virtually the same prices as that from Brazil (app. E).

Price suppression

In the Commission in its evaluation of the effect of the importation of pig iron from Brazil on the domestic market, the Commission has determined "whether . . . the effect of the importation otherwise depresses prices to a significant degree below the level which otherwise would have occurred, to a significant degree. A detailed analysis is required of the extent, if any, to which the importation of Brazilian pig iron have suppressed or

Period	Market area I (Northeast)		Market area II (North-central: and Eastern)		Market area III (West-central: and Southern)	
	Dollars		Dollars		Dollars	
	Percent		Percent		Percent	
	amount		amount		amount	
1977						
January-March	***	13	-	-	***	13
April-June	***	12	***	19	***	19
July-September	***	13	***	18	***	18
October-December	***	13	***	19	***	19
1978						
January-March	***	18	-	18	***	18
April-June	***	18	***	18	***	18
July-September	***	17	***	14	***	14
October-December	***	16	***	15	***	15
1979						
January-March	***	15	-	14	***	14
April-June	***	14	***	11	***	11
July-September	***	11	***	9	***	9
October-December	***	12	***	8	***	8

Source: Compiled from data submitted in response to questionnaire.

Percent: Dollars: Percent: Dollars: Percent: Dollars: Percent: Dollars: Percent: Dollars: Percent:									
: amount :		: amount :		: amount :		: amount :		: amount :	
19 :	*** :	11 :	- :	- :	- :	- :	- :	- :	- :
16 :	*** :	13 :	- :	- :	- :	- :	- :	- :	- :
19 :	*** :	14 :	- :	- :	- :	- :	- :	- :	- :
18 :	*** :	15 :	- :	- :	- :	- :	- :	- :	- :
20 :	*** :	14 :	- :	- :	- :	- :	- :	- :	- :
22 :	*** :	15 :	- :	- :	- :	- :	- :	- :	- :
17 :	*** :	14 :	- :	- :	- :	- :	- :	- :	- :
16 :	*** :	13 :	- :	- :	- :	- :	- :	- :	- :
14 :	*** :	12 :	- :	- :	- :	- :	- :	- :	- :
15 :	*** :	3 :	- :	- :	- :	- :	- :	- :	- :
9 :	*** :	3 :	- :	- :	- :	- :	- :	- :	- :
of the U.S. International Trade Commission.									

price index is graphically presented in the following tabulation:

Per

January

Apr 11

Septem

August

Decemb

The wholesale price index increased 43 percent and 48 percent. Only three pig iron price index had a total increase of 16 percent.

Published prices of malleable iron (containing 0.05 percent phosphorus) as reported in table 24, and indicate each year of pig iron, 1975-79. The published prices for 1975 until the fourth quarter were 10.0 percent above the 1974 merchant pig iron producers' price and 7.3 percent (Interlake) above the 1974 increases in published prices. In 1976, an attempted increase in domestic prices because of low-priced imports from

Sharply rising prices for point up the depressed price confidential domestic products December 1975 to December 1979.

Inputs

Iron ore-----

Limestone---

Coke-----

Page 1 (of 1) —

Labor-----

Consequently, the price of
Data on output per man-hour
that increased productivity has
ciable extent.

remained relatively stable in the past 5 years. It is presented in figure 3 and is summarized in table 1.

<u>Period</u>	<u>Index</u>
January 1975-----	100
February 1975-----	101
March 1977-----	109
April 1978-----	116
May 1979-----	116

and the price index for foundry-forge products increased 16 percent, respectively, during this same period. The increases occurred during the entire period, for

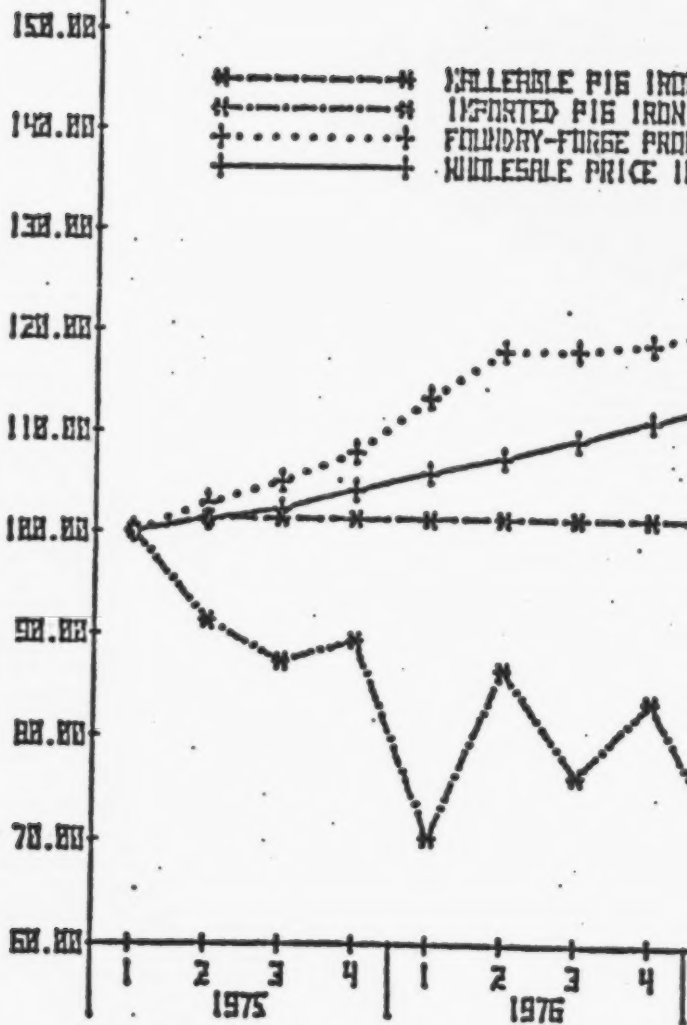
malleable grade pig iron (which contains over 0.25 percent carbon) and by the American Metal Market are presented in figure 4. Merchant pig iron producer's prices for malleable grade pig iron held firm from January 1977 to March 1977, when prices of five of the seven producers increased between 5.5 percent (U.S. Steel Corp., Inc. and Empire-Detroit Steel). No subsequent price increases have occurred. Hearing testimony revealed that the domestic published prices in 1978 was rescinded by the U.S. from Brazil.

The major inputs in the production of pig iron also have increased the level of merchant pig iron. According to the cost data, input prices increased from 1975 to 1979, as shown in the following tabulation:

	<u>Percent</u>
-----	39
-----	16
-----	30
-----	72
-----	55

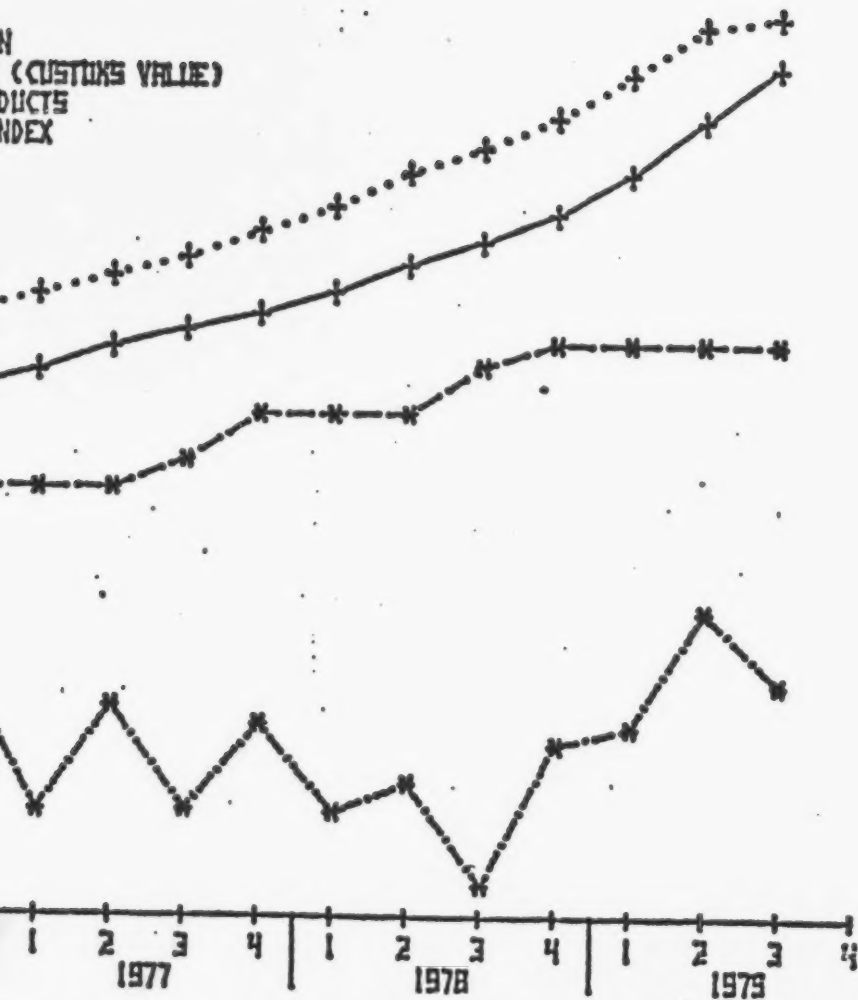
If pig iron has not kept pace with rising costs, the prices calculated from questionnaire responses indicate that the price does not offset input cost increases to any appreciable

(FIRST QUARTER 1975 = 100.0)



Source: Compiled from official statistics

N
(CUSTOMS VALUE)
DUCTS
INDEX



ices of the U.S. Departments of Labor and Commerce.

Table 24.--Pig iron: Prices of domestic pig iron, malleable grades, 1/ by mer

		(Per net ton)									
Producer	Location	1975				1976					
		Jan.	April	July	Oct.	Jan.	April	July	Oct.	Jan.	April
		Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
--Detroit--	Portsmouth,	-	-	-	-	-	-	-	-	-	\$17
	Ohio.										
ake-----	Chicago, Ill.	\$178	\$178	\$178	\$178	\$178	\$178	\$178	\$178	\$178	17
go-----	Toledo, Ohio	178	178	178	178	178	178	178	178	178	17
	Neville	181	181	181	181	181	181	181	181	181	18
	Island, Pa.										
	Sharpville,	181	181	181	181	181	181	181	181	181	18
	Pa.										
lter											
urces-----	North	181	181	181	181	181	181	181	181	181	18
	Birmingham,										
	Ala.										
Furnaces--	Buffalo, N.Y.	191	191	191	191	191	191	191	191	191	19
eel-----	Cleveland,	180	180	180	180	180	180	180	180	180	18
	Ohio.										
	Geneva, Utah	190	190	190	190	190	190	190	190	190	19

Price of malleable grade is considered to be representative of domestic pig iron prices

As reported in various issues of the American Metal Market.

chant pig iron producers, and by quarters, 1975-79

1977	1978				1979			
July-Oct.-	Jan.-	April-	July-	Oct.-	Jan.-	April-	July-	Oct.-
Sept.-	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
\$178	\$191	\$191	\$191	\$191	\$191	\$191	\$191	\$191
178	191	191	191	203	203	203	203	203
178	191	191	191	203	203	203	203	203
181	190	190	190	190	190	190	190	190
181	190	190	190	190	190	190	190	190
181	191	191	191	191	191	191	191	191
191	191	191	191	203	203	203	203	203
180	190	190	190	203	203	203	203	203
190	190	190	190	203	203	203	203	203

n general.

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Discounts from published prices are a further depressing effect of the soft market and import price data show domestic prices discounted as published price during 1977-79. Domestic price of iron ore to *** per ton in 1978 and 1979 in the eastern Pacific Coast, discounts have been negligible. A 15 percent discount in other market areas appears from the data (app. E).

The combined price depressing and suppressing effect on the market for pig iron and the price pressure of imports from Sweden and Australia, are factors influencing the pattern of domestic transaction prices and the large price decreases compared with increases in cost.

Reasons for purchasing imported pig iron.--Purchasers of pig iron from Brazil and other countries were surveyed by questionnaires as to the relative importance of factors influencing the purchasing decision to buy imported products. The survey data are aggregated in table 25.

Purchasers of Brazilian pig iron cited price as the most important factor in their decision. Availability and quality were also important factors in purchasing the imported product. Of the 42 respondents, 83 percent rated it as "very important." In general, purchasers of pig iron from Brazil rated the importance of price as a factor of little relative importance. Purchasers of pig iron from other countries ranked price, quality, and availability as important factors in import purchasing decisions. After quality, price was the more important factor in these import purchases of imported pig iron from Brazil. These findings confirm the importance of price as a determinant factor in purchasing decisions.

Lost sales.--Domestic producers were requested to establish customer accounts (whole or partial) for lost sales to customers due to imports of pig iron from Brazil. The data are aggregated in table 26.

ther indication of the price
price pressure. Transaction
as much as 20 percent below
an occasion has been as low as
ern and southern markets. On
e. An average discount of 10
requently in transaction price

ing effect of the shrinking
imports from Brazil and, on
re evidenced in the discount
g in domestic published price

on over U.S.-produced pig
from other countries were
importance of factors that
rted pig iron over the U.S.
e 25.

as the most important factor
e distant seconds as reasons
purchasers listing price as a
' Contrary to hearing testi-
e "alternative source" factor
pig iron from countries other
ty almost equally in relative
native source as a factor was
hase decisions than in the
rankings indicate the strong
chasing imports from Brazil.

ed to provide data on loss of
) or failure to obtain new
. The questionnaire response

Table 25.--Reasons for purchasing
ove

Reasons	Agg		
	Number and categ		
	Very	Mid-rang	
	important		
	(5)	(4)	(3)
<u>Imports from Brazil</u>	-----Number of		
Alternative source-----	7	4	9
Availability-----	19	6	7
Price-----	35	3	3
Quality-----	19	9	4
Other-----	6	0	1
Total-----	86	22	24
<u>Imports from countries</u>			
<u>other than Brazil</u>			
Alternative source-----	9	3	4
Availability-----	14	2	3
Price-----	17	2	3
Quality-----	15	6	2
Other-----	2	0	0
Total-----	57	13	12

Source: Compiled from data submitted in response to

Imported pig iron from Brazil and other source countries
 vs U.S.-produced pig iron

Aggregate responses quantifying decisionmaking factors--

Category of responses			Level of importance						
Number of responses	Not at all important	Total	Very important	Mid-range		Not at all important		Total	
	(2)	(1)	(5)	(4)	(3)	(2)	(1)	percent	
responses									
4 :	12 :	36 :	19.4 :	11.1 :	25.0 :	11.1 :	33.3 :	100.0	
2 :	6 :	40 :	47.5 :	15.0 :	17.5 :	5.0 :	15.0 :	100.0	
0 :	1 :	42 :	83.3 :	7.1 :	7.1 :	- :	2.4 :	100.0	
3 :	2 :	37 :	51.4 :	24.3 :	10.8 :	8.1 :	5.4 :	100.0	
0 :	3 :	10 :	60.0 :	- :	10.0 :	- :	30.0 :	100.0	
9 :	24 :	165 :	52.1 :	13.3 :	14.5 :	5.5 :	14.5 :	100.0	
:	:	:	:	:	:	:	:	:	
:	:	:	:	:	:	:	:	:	
:	:	:	:	:	:	:	:	:	
:	:	:	:	:	:	:	:	:	
4 :	3 :	23 :	39.1 :	13.0 :	17.4 :	17.4 :	13.0 :	100.0	
1 :	5 :	25 :	56.0 :	8.0 :	12.0 :	4.0 :	20.0 :	100.0	
1 :	5 :	28 :	60.7 :	7.1 :	10.7 :	3.6 :	17.9 :	100.0	
1 :	2 :	26 :	57.7 :	23.1 :	7.7 :	3.8 :	7.7 :	100.0	
0 :	1 :	3 :	66.7 :	- :	- :	- :	33.3 :	100.0	
7 :	16 :	105 :	54.3 :	12.4 :	11.4 :	6.7 :	15.2 :	100.0	
:	:	:	:	:	:	:	:	:	

questionnaires of the U.S. International Trade Commission.

 Producer

Cyclops	-----
Shenango	-----
Interlake	-----
U.S. Steel	-----
Hanna Furnace	-----
Jim Walters	-----
Total	-----

Source: Compiled from data submitted by
U.S. International Trade Commission.

Data obtained from purchasers' questionnaire incidence and the value of lost sales. A sample of purchasers included some of those firms as implicated in lost sales. In cases where necessary, ITC staff contacted firms at the level of dollar volume lost to imports in specific instances.

In a few instances, a high-volume loss was not simply from Brazil, but in part from other countries, e.g. Sweden, as noted elsewhere. In some cases, the listed foundry had significant losses to scrap used, by adopting new furnaces to melt from domestic pig iron to Brazilian pig iron. Such as sales reports, noting specific losses by some domestic producers in support of the example of the price depressing effect of a specific domestic sale at a discounted price. *** ton sale at *** per net ton, made up of revenue of about *** for that domestic sale. The Commission staff reflect widespread losses of revenue by domestic producers in meeting foreign competition.

nds of dollars)

	1977	1978	1979
-----	***	***	
-----	***	***	
-----	***	***	
-----	***	***	
-----	***	***	
-----	***	***	
-----	26,418	8,083	4,

ed in response to questionnaires of t

questionnaire responses tend to verify t
in those cases in which the Commission
the same foundries listed by produce
es not covered by purchasers' questio
isted as large volume lost sales. T
s from Brazil was corroborated in m

he lost sale was attributable to impor
to low-priced imports from other sour
ewhere in this report. In a few oth
cantly diminished the ratio of pig ir
ce technology after initially switchi
pig iron earlier in 1977-79. Documen
c instances of lost sales, were provid
of their compilation of lost sales.
ect and loss of revenue involved in
d price was provided by Interlake. Th
*** 1979, to *** represented a loss
estic producer. Price data collected
read discounting and resultant loss
ng competition from Brazilian pig iron.

APPENDIX A

**TREASURY'S LETTER NOTIFYING THE COMMISSION OF
BOUNTIES AND GRANTS**

NOV 21 9 21 79 AM 3 : 26

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

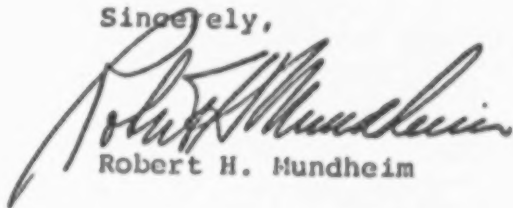
Dear Mr. Chairman:

In accordance with section 303(b) of the Tariff Act of 1930, as amended, you are hereby advised that a bounty or grant is being paid with respect to pig iron imported from Brazil and entered under TSUS item number 607.1500, which merchandise from said country is accorded duty-free treatment.

Attached is a copy of the notice of "Final Countervailing Duty Determination" in this case which sets forth the bases of my decision. The U.S. Customs Service will make available to the U.S. International Trade Commission as promptly as possible its files on the instant bounties being paid or bestowed for the Commission's use in the investigation as to whether an industry in the United States is being, or likely to be, injured, or is prevented from being established by reason of the importation of this merchandise into the United States.

Because some of the data in this file is regarded by Customs to be of a confidential nature, it is requested that the Commission consider all information therein contained for the official use of the Commission only, and not to be disclosed to others without prior clearance from Customs.

Sincerely,



Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman, U.S. International
Trade Commission
Washington, D.C. 20436

Attachment

DOCKET NUMBER
7118
Office of the Secretary Int. Trade Commission

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE

PIG IRON FROM BRAZIL

FINAL COUNTERVAILING DUTY DETERMINATION

AGENCY: U.S. Customs Service, Treasury Department

ACTION: Final Countervailing Duty Determination

SUMMARY:

This notice is to inform the public that a countervailing duty investigation has resulted in a determination that the Government of Brazil has provided benefits which consist of bounties or grants on the manufacture, production and exportation of pig iron. Because this merchandise entered the United States free of duty, this case is being referred to the U.S. International Trade Commission for a determination of whether an industry in the United States is being, or is likely to be, injured by reason of the imports of this merchandise. Liquidation of entries of this merchandise will be suspended pending the Commission's injury determination.

EFFECTIVE DATE:

(Date of publication in Federal Register).

FOR FURTHER INFORMATION CONTACT:

Michael Ready, Operations Officer, Technical Assistance
Duty Assessment Division, Office of Operations, United States Customs Service

Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION:

On June 4, 1979, a "Preliminary Countervailing Duty Determination" was published in the Federal Register (44 FR). The notice stated that it had been preliminarily determined that benefits conferred by the Government of Brazil upon the manufacture, production, or exportation of pig iron constitute the payment or bestowal of bounties or grants, directly or indirectly, within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as the "Act").

For purposes of this notice, "pig iron" includes merchant pig iron of basic, foundry, malleable, and low phosphorous grades, and is classified under item number 607.1500 of the Tariff Schedules of the United States Annotated (TSUSA).

The preliminary determination identified several programs administered by the Government of Brazil which it had been determined constitute a bounty or grant. Additional information has been received and analyzed concerning those programs, on which this final determination is based.

(1) Excessive remission upon export of the Industrial Products Tax (IPI). Under this program, an exporter receives on export not only the remission of the IPI tax, a value-added tax, which would otherwise be paid on the product and its

used to pay other taxes due or, subject to certain conditions, traded in for cash or transferred to other companies.

The remission of the IPI tax, as such, is not regarded as a bounty or grant. The extra credit, to the extent it exceeds indirect taxes borne by the product or its components, is so regarded. The availability of IPI credits for Brazilian exports is currently being phased out; the rate applicable to benefits for pig iron is 15 percent of the value of the product involved. However, to the extent the credit includes a rebate for indirect taxes borne by components in the exported product, the benefit of the subsidy is offset by an equivalent amount. In this case, the benefit is determined by the amount of indirect ad valorem taxes borne by wood used to make charcoal and on the charcoal itself, which is then used to supply the carbon component of the finished product. Most of the charcoal used in the production of pig iron serves as an energy component or as a reducing agent. For neither of these functions would it be regarded as "physically incorporated" in the final product for purposes of the law. But for the charcoal used to supply carbon, calculated to be 5.8% of the total charcoal used, a reduction of 0.5% ad valorem of the value of the charcoal is proper.

Moreover, the actual value of the IPI credit varies depending on whether it is based on the c.i.f. or f.o.b. value of the exported product. The ad valorem benefit is either 13.8 percent of the c.i.f. value or 15.8 percent of the f.o.b. value of the exported pig iron, with a weighted average benefit of 15.2 percent.

export of the goods on which the credits are based. Such an offset would be permissible only if the Government of Brazil mandated a specific waiting period for the receipt of the credits, which is not the case. Furthermore, no offset was given for the portion of the IPI credit which may be lost by a company since IPI credits are treated as income for tax purposes. It is not appropriate, in the context of a countervailing duty investigation, to evaluate the tax status of a government subsidy.

(2) Working capital financing available under Resolution 515 at rates lower than those commercially available (previously identified in the preliminary determination as benefits under Resolution 398). Companies are declared eligible to receive loans under this program by CACEX (the Department of Foreign Commerce of the Banco de Brasil) and may then obtain loans yielding an effective rate of interest loans from commercial banks at 8.7 percent/ Companies using this program can obtain financing of up to 30 percent of the value of the firm's previous year's exports. The countervailable benefit is associated with the difference between the effective interest rate paid and that commercially available in Brazil, which is estimated at 26 percent with adjustments, is determined to be 41 percent.

In view of the inflation rate in Brazil that presently exceeds 50 percent and the fact that short-term Brazilian government securities bear interest rates of more than 40 percent, consideration was given to the propriety of continuing to use the 26.4 percent rate, applied in a number of other cases affecting Brazilian imports, as reflective of a "commercial" rate of interest. Based upon the investigation in this proceeding, it appears that this rate is generally available to industrial enterprises in Brazil who borrow funds from the Banco de Brazil. The latter bank is a hybrid private, commercial bank and an arm of the Central Bank of Brazil. One of its functions in its latter role is to serve as the repository for the funds that the Central Bank's reserve requirements mandate. These reserves must be deposited by commercial banks on an interestfree basis. Therefore, they form a significant pool of money from which the Banco de Brazil can profitably lend funds at a rate of 26.4 percent. Since such loans are not restricted to export sales and are generally available to a broad spectrum of Brazilian industry, the rate does serve as a proper benchmark for the "commercially available" interest rate to industrial borrowers in Brazil. However, in addition to the interest rate of 26.4 percent, borrowers are required to maintain compensating balances with the Banco de Brazil and to pay a tax on domestic banking transactions that increase the effective rate of interest to 41 percent. It is, therefore, the latter rate that has been used in calculating the amount of preferential interest rate received by pig iron producers receiving benefits under Resolution 515.

Benefits for individual companies investigated range from 1.0 percent to 14.7 percent, with a weighted-average benefit of 6.5 percent ad valorem.

(3) Preferential export financing under Resolution 331.

This involves advances of Brazilian cruzeiros for up to 180 days against foreign exchange contracts and receivables, at varying interest rates all of which are less than those commercially available. As with the Resolution 515 financing program, the difference between the commercial rate and the one paid under the Resolution 331 program is regarded as a countervailable benefit. The benefits under this program for the companies investigated ranged from zero to 11.7 percent, with a weighted-average benefit of 2.5 percent ad valorem.

(4) Reduction in taxable income by the percentage of total sales accounted for by export sales. No countervailable benefit has been granted to producers of pig iron in view of the fact that the IPI credits, which, as noted above are treated as income, in the case of the pig iron producers account for their entire profits. Since the entire credit constituting an excessive rebate of taxes is regarded as countervailable, it would not be appropriate to add the same benefit under this program in calculating the total subsidy.

(5) Benefits under the "Entrepoto Aduaneiro" system, which permits small producers of pig iron to receive a remission of both the IPI tax and tax credits. Treasury has concluded that while one trading company is eligible for such benefits, the program has not been used. Therefore, no countervailable benefit is determined to exist.

It was also preliminarily determined that certain additional programs have not been utilized by Brazilian manufacturers of pig iron and therefore, did not constitute a countervailable benefit. Further information has corroborated this conclusion, and it is, therefore, finally determined that the following programs do not constitute bounties or grants:

(1) Excessive remission on export of indirect taxes other than IPI, including a transportation tax.

(2) Preferential export financing provided under Resolution 68.

(3) Preferential financing provided for the storage of goods under Resolution 330.

(4) Special tax credits available to firms located in Brazil's less developed regions.

(5) Accelerated depreciation for plant and equipment manufactured in Brazil.

(6) Exemption from payment of Customs duties and value-added taxes on plant and equipment imported for the production of pig iron for export.

As a result of the conclusions described above, it is hereby determined that the Government of Brazil has paid bounties or grants to producers and exporters of pig iron. In accordance with section 303 of the Act and until further notice, the net amount of such bounties or grants has been estimated to range from 18.1 percent to 37.5 percent ad valorem

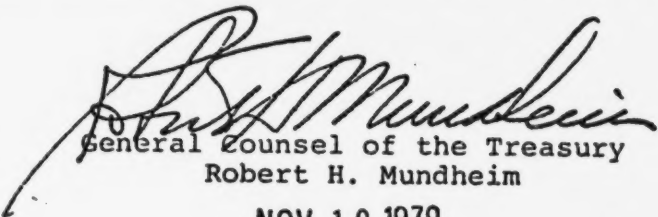
for the various companies investigated, with a weighted-average benefit of 24.3 percent ad valorem. Should countervailing duties be assessed in this case, the amounts due are indicated on an individual company basis in the Appendix to this notice. Those firms not listed in the Appendix and exporting the subject merchandise would be assessed a countervailing duty equal to the overall weighted-average benefit of 24.3 percent ad valorem, until evidence is received in satisfactory form indicating some other rate is more appropriately applied.

The merchandise found to benefit from the bounty or grant enters the United States under item number 607.1500 of the Tariff Schedules of the United States Annotated. This merchandise is duty free. In accordance with section 303(a)(2) of the Act (19 U.S.C. 1303(a)(2)), countervailing duties may not be imposed upon any article or merchandise which is free of duty in the absence of a determination by the U.S. International Trade Commission that an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States. Accordingly, the International Trade Commission is being advised of this determination, and the liquidation of entries, or of withdrawals from warehouse, for consumption of the duty-free pig iron in question will be suspended pending the determination

of the Commission. Accordingly, effective on or after the date of publication of this Notice in the Federal Register, and until further notice, upon the entry, or withdrawal from warehouse, liquidation will be suspended pending the determination of the U.S. International Trade Commission. Security in the amounts indicated in the Appendix and in this Notice will be required of all further imports.

This determination is published pursuant to section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 101-5, May 1979, the provisions of Treasury Department Order 165, Revised, November 2, 1954, and section 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a final counter-vailing determination by the Commissioner of Customs, are hereby waived.


General Counsel of the Treasury
Robert H. Mundheim

NOV 19 1979

APPENDIX B

COMMISSION'S NOTICE OF INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

303-TA-12

PIG IRON FROM BRAZIL

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on November 20, 1979, that bounties or grants are being paid with respect to pig iron imported from Brazil, entered duty free under item 607.15 of the Tariff Schedules of the United States, the U.S. International Trade Commission, on December 3, 1979, instituted investigation No. 303-TA-12 under section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (the countervailing duty law), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Conduct of the investigation under the Trade Agreements Act of 1979.

Under the countervailing duty law, the Commission is required to notify the Treasury Department of its determination in this investigation not later than 3 months after receiving Treasury's advice, in this case not later than February 20, 1980. However, the countervailing duty law has been amended in part and supplemented in part by sections 101-103 of the Trade Agreements Act of 1979 (Public Law 96-39, 93 Stat. 144, July 26, 1979). Section 101 of the

act establishes a new title VII of the Tariff Act (sec. 701, et seq.; 19 U.S.C. 1671, et seq.) providing new (supplemental) countervailing duty provisions. Section 102 treats with investigations pending as of the effective date of the new title VII provisions (January 1, 1980, assuming that certain conditions set forth in secs. 2 and 107 of the Trade Agreements Act are fulfilled as of that date). Section 103 amends the present law (sec. 303 of the Tariff Act) in several specific respects to take into account new title VII of the Tariff Act.

Assuming that the new law becomes effective on January 1, 1980, the Commission will be required, under section 102 of the Trade Agreements Act, to terminate this investigation, institute a new investigation under subtitle A of title VII of the Tariff Act, and complete the new investigation within 75 days after January 1. On the assumption that the new law will become effective on January 1, 1980, the procedures described below will be followed in the present investigation.

Hearing. A public hearing in connection with the investigation will be held on Wednesday, February 6, 1980, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436, beginning at 10 a.m., e.s.t. Requests to appear at the public hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.s.t.), January 30, 1980. (If it appears that the new countervailing duty provisions will not become effective on January 1, 1980, a notice rescheduling the hearing (and related prehearing report and statements) for an earlier date will be issued.)

Prehearing statements. The Commission will prepare and place on the record by January 16, 1980, a staff report containing preliminary findings of fact. Parties to the investigation should submit to the Commission a prehearing statement not later than January 29, 1980. The content of such statement should include the following:

- (a) Exceptions, if any, to the preliminary findings of fact contained in the staff report;
- (b) Any additional or proposed alternative findings of fact;
- (c) Proposed conclusions of law;
- (d) Any other information and arguments which a party believes relevant to the Commission's determination in this investigation; and
- (e) A proposed determination for adoption by the Commission.

Collection and confidentiality of information. Requests for confidential treatment of information submitted to the Commission should be directed to the attention of the Secretary. Requests must conform to the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

Information submitted to or gathered by the Commission in conjunction with this proceeding under present section 303 of the Tariff Act will be subject to the new countervailing duty law provisions regarding access to information set forth in new title VII of the Tariff Act after January 1, 1980, if that law becomes effective. Those provisions relate to the collection and retention of information by the Commission and the maintenance of confidentiality or the disclosure of information. The provisions of section 777 of title VII will require the following:

- (a) A record of all ex parte meetings between interested parties or persons providing factual information in connection with an investigation and the Commissioners, their staffs, or any person charged with making a final recommendation in an investigation;

- (b) Disclosure of nonconfidential information or nonconfidential summaries of confidential information which is not in a form that can be associated with or used to identify the operations of a particular person;
- (c) Preventing disclosure of confidential information unless the party submitting the information consents to the disclosure; and
- (d) Limited disclosure of certain confidential information under protective order or by an order of the U.S. Customs Court.

Section 516A of the Tariff Act, as added by the Trade Agreements Act, will require all information in the record before the Commission in the title VII investigation, whether confidential or nonconfidential, to become part of the record before the Customs Court in any review of a Commission determination. Section 771 provides definitions applicable to title VII.

These procedures are set forth pursuant to section 335 of the Tariff Act, which authorizes the Commission to adopt such reasonable procedures as are necessary to carry out its functions and duties.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: December 4, 1979

APPENDIX C

**TREASURY'S LETTERS REVISING THE SIZE OF
THE NET BOUNTIES OR GRANTS**



DEPARTMENT OF THE TREASURY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20220

DEC 31 1979

RECEIVED

JAN 3 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

Dear Mr. Mason:

On November 20, 1979, the Treasury Department published in the Federal Register its final determination that benefits were being conferred on pig iron from Brazil which constituted the bestowal of bounties or grants under the countervailing duty law (44 FR 67554).

One of the three programs determined by the Treasury to constitute the bestowal of a bounty or grant was the excessive remission upon export of the Industrial Products Tax (IPI). In a letter from the Brazilian Embassy dated December 20, 1979, the Government of Brazil notified the Treasury that the excessive remission of the IPI was being eliminated for all Brazilian exports on or after December 7, 1979, including pig iron.

As a result of this action by the Brazilian Government, the Treasury has revised the size of the net bounties or grants found with respect to each of the 16 companies originally investigated as well as the overall weighted-average benefit. The attached sheet lists the new rates applicable to those companies and overall.

I hope that this information will be useful in the International Trade Commission's investigation concerning the possible injury or likelihood of injury caused by the subsidized Brazil pig iron imports.

Sincerely,

Richard B. Self

Richard B. Self
Director
Office of Tariff Affairs

Mr. Kenneth R. Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436

RECEIVED
JAN 3 1980
5:53

<u>Company</u>	<u>Old Subsidy</u>	<u>New Subsidy</u>
Sicafe - Productos Siderurgica	24.4	10.6
Siderurgica Sao Paulo Ltda.	18.1	4.3
Siderurgica Bandeirante Ltda.	23.1	7.3
Siderurgica Bondespachense	25.3	11.5
Siderurgica Itatiaias S.A.	27.7	11.9
Siderurgica Alterosa Ltda.	24.3	10.5
Cia Satelagoania de Siderurgica	24.9	9.1
Siderurgica Valinho S.A.	22.0	6.2
Siderurgica Sao Sebastiao de Itatiaiuqu S.A.	30.3	16.5
Usina-Siderurgica Paraense S.A.	21.8	8.0
Siderurgica Camaragos S.A.	19.0	5.2
Cimetal Siderurgica S.A.	24.3	8.5
Metalurgica N.S. da Pehna S.A.	26.2	12.4
Cia Brasileira de Ferro	29.5	15.7
Siderurgica Santa Maria Ltda.	21.3	7.5
Cia Siderurgica Pitanqui	37.5	23.7
Weighted-Average	24.3	9.15

20 FEB 1980

Mrs. Catherine M. Bedell
Chairman
International Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

On November 20, 1979, the Treasury Department published in the Federal Register its final determination that benefits were being conferred on pig iron from Brazil which constituted the bestowal of bounties or grants under the countervailing duty law (43 FR 67554).

On December 31, 1979, the U.S. Treasury notified the Commission that as a result of certain actions taken by the Government of Brazil, revisions were necessary in the net bounties or grants found with respect to each of the 16 companies originally investigated as well as the overall weighted-average benefit.

As the result of additional information supplied by the Government of Brazil, the Commerce Department has determined that further revisions to these rates are necessary. The revisions were determined necessary after it was established that the manner in which benefits bestowed under two export financing programs were calculated based on inaccurate information supplied by the Brazilians. Specifically, a compensating balance requirement has subsequently been found not to be a requirement of the Brazilian Government and should, therefore, not have been included in calculating the effective interest rate charged on the loans as it originally was. The attached sheet lists the new rates applicable to those companies as well as the weighted-average benefit. I hope that this information will be useful in the International Trade Commission's investigation concerning the possible injury or likelihood of injury caused by subsidized Brazilian pig iron imports.

Sincerely,

131

John D. Greenwald
Deputy Assistant Secretary
(Import Administration) I

CD/ITA/OP/DWEiss/566-8256/jm/2/20/80

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	
SURNAME	EISS	SELF				
INITIAL/DATE	1/23/80	1/23/80	/	/	/	

<u>Company</u>	<u>Original Subsidy</u>	<u>Final Revision</u>	<u>New Rates</u>
Sicafe - Productos Siderurgica	24.4	10.6	7.04
Siderurgica Sao Paulo Ltda.	18.1	4.3	2.85
Siderurgica Bandeirante Ltda.	23.1	7.3	4.70
Siderurgica Bondespachense	25.3	11.5	7.70
Siderurgica Itatiaias S.A.	27.7	11.9	7.95
Siderurgica Alterosa Ltda.	24.3	10.5	6.92
Cia Satelagoania de Siderurgica	24.9	9.1	6.08
Siderurgica Valinho S.A.	22.0	6.2	4.12
Siderurgica Sao Sebastiao de Itatiaiuqu Itatiaiuqu S.A.	30.3	16.5	11.44
Usina-Siderurgica Paraense S.A.	21.8	8.0	5.62
Siderurgica Camaragos S.A.	19.0	5.2	3.06
Cimetal Siderurgica S.A.	24.3	8.5	5.41
Metalurgica N.S. da Pehna S.A.	26.2	12.4	8.20
Cia Brasileira de Ferro	29.5	15.7	10.40
Siderurgica Santa Maria Ltda.	21.3	7.5	4.98
Cia Siderurgica Pitanqui	37.5	23.7	15.42
Weighted-Average	24.3	9.15	6.07

APPENDIX D
DATA ON HOT METAL

The most important market for hot pig iron is in the manufacture of ingot molds. Industry estimates of the amount of ingot molds produced suggest that this market is larger than the total market for cold merchant pig iron. Ingot molds are cast-iron shapes that molten steel is poured into to shape it into ingots as it cools. Ingot molds are large items, often being more than 6 feet long in length, breadth, and height. The molds are made by pouring the hot pig iron into molds made of compacted foundry sand and allowing them to cool and solidify. When the mold is cold, the compacted foundry sand is jackhammered out, thus finishing the mold. Since ingot molds do not last long when in use, large quantities of them are required; industry estimates that about 3 million tons of ingot molds are produced each year, and the following data confirm the estimates.

Year	Quantity	Value
	: 1,000 short tons :	: 1,000 dollars :
1977-----	: 1,058 :	: 179,016 :
1978-----	: 1,236 :	: 225,121 :
1979-----	: 1,132 :	: 225,092 :

In addition to the hot metal sold to ingot mold foundries, the following amounts were transferred by hot metal producers to their own ingot mold foundries:

	Quantity (1,000 short tons)
1977-----	2,106
1978-----	2,300
1979-----	2,273

APPENDIX E
PRICE COMPARISON DATA
(CONFIDENTIAL)

Library Cataloging Data

United States. International Trade
Commission.

Pig iron from Brazil : determination of
material injury in investigation no.
701-TA-2(final) under section 705(b) of the
Tariff act of 1930, together with the
information obtained in the investigation /
USITC. -- Washington : USITC, 1980.

22, A 50, [25] p. : ill. ; 28 cm. -- (USITC
publication 1048)

"Prepared principally by Harold A. Taylor,
Jr. and Howard Gooley."

1. Cast-iron. I. Taylor, Harold A. II.
Gooley, Howard. III. Title.